



Dave Yost • Auditor of State



**SENECA COUNTY  
DECEMBER 31, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Seneca County  
109 South Washington Street #2206  
Tiffin, Ohio 44883-2841

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, each major fund, and the aggregate remaining fund information of Seneca County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements. We were not engaged to audit the financial statements of an aggregate discretely presented component units. These financial statements 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 express opinions on these financial statements based on our audit. 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. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were unable to obtain sufficient appropriate audit evidence to opine on the aggregate discretely-presented component units.

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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
Maintenance and Repair Fund	Unmodified
Public Assistance Fund	Unmodified
Seneca County Opportunity Center Fund	Unmodified
Joint Justice Center Construction Fund	Unmodified
Emergency Medical Services Fund	Unmodified
County Sewer District Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

***Basis for Disclaimer of Opinion on the Discretely Presented Component Unit***

The financial statements of Seneca County Land Reutilization Corporation were not audited, and we were not engaged to audit Seneca County Land Reutilization Corporation's financial statements as part of our audit of the County's basic financial statements. The Seneca County Land Reutilization Corporation's financial activities are included in the County's basic financial statements as a discretely presented component unit. In addition, the financial information for Seneca County Land Reutilization Corporation is presented using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America.

We cannot reasonably determine the amounts by which the departure from accounting principles generally accepted in the United States of America would affect the assets, liabilities, net position, revenues and expenses of the accompanying statements.

***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the Discretely Presented Component Unit* paragraph, we were unable to obtain sufficient appropriate audit evidence to opine on the financial statements of the aggregate discretely-presented component units of Seneca County, Ohio. Accordingly, we do not express an opinion on these financial statements.

***Unmodified Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seneca County, Ohio, as of December 31, 2017, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Maintenance and Repair, Public Assistance 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*, and schedules of net pension liabilities and pension contributions 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 Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates 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 this information 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 17, 2018, 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 17, 2018

## SENECA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 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, 2017. 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 2017 are as follows:

- The total net position of the County increased \$1,521,943 from December 31, 2016. The net position of the governmental activities increased \$1,701,492, which represents a 1.67 percent increase over the net position at December 31, 2016; meanwhile, the net position of business-type activities decreased \$179,549 or 3.97 percent from December 31, 2016. The County's business-type activities consist of Emergency Medical Services and the County Sewer District operations.
- General revenues accounted for \$21,781,953 or 47.08 percent of total governmental activities revenue. Program specific revenues accounted for \$24,484,970 or 52.92 percent of total governmental activities revenue.
- The County's governmental activities had \$44,235,431 in expenses; \$24,484,970 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,781,953 were adequate to provide for these programs.
- The County's business-type activities had \$1,372,678 in expenses; \$849,533 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$13,596 were not adequate to provide for these programs.
- The General fund, the County's largest major governmental fund, had revenues and other financing sources of \$18,860,262 in 2017, an increase of \$1,332,412 or 7.60 percent from general fund revenues and other financing sources in 2016. The General fund had expenditures and other financing uses of \$18,684,747 in 2017, an increase of \$1,106,482 or 6.29 percent from 2016. The net effect of changes in revenues and expenditures contributed to the General fund balance increase of \$175,515 or 2.53 percent from 2016 to 2017.

#### **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 five major governmental funds. The General fund is the largest major fund.

## SENECA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 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 2017?" 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, the Public Assistance fund, the Seneca County Opportunity Center (SCOC) fund, and the Joint Justice Center Construction fund. 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.

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

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(Continued)

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 for 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.

***Required Supplementary Information (RSI)***

The RSI contains information regarding the County's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and State Teachers Retirement System (STRS) net pension liability/net pension asset and the County's schedule of contributions to OPERS and STRS.

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the County as a whole.

The table below provides a summary of the County's net position at December 31, 2017 and December 31, 2016.

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(Continued)

	<b>Net Position</b>					
	Governmental Activities 2017	Governmental Activities 2016	Business-type Activities 2017	Business-type Activities 2016	Total 2017	Total 2016
<u>Assets</u>						
Current and other assets	\$ 60,306,332	\$ 66,371,819	\$ 1,477,980	\$ 1,380,631	\$ 61,784,312	\$ 67,752,450
Capital assets	<u>83,868,444</u>	<u>73,044,192</u>	<u>6,149,857</u>	<u>6,374,410</u>	<u>90,018,301</u>	<u>79,418,602</u>
Total assets	<u>144,174,776</u>	<u>139,416,011</u>	<u>7,627,837</u>	<u>7,755,041</u>	<u>151,802,613</u>	<u>147,171,052</u>
<u>Deferred Outflows of Resources</u>	<u>11,248,689</u>	<u>8,590,975</u>	<u>231,921</u>	<u>111,760</u>	<u>11,480,610</u>	<u>8,702,735</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	40,823,993	35,310,736	3,423,237	3,273,446	44,247,230	38,584,182
Other liabilities	<u>2,180,361</u>	<u>1,748,477</u>	<u>90,067</u>	<u>66,066</u>	<u>2,270,428</u>	<u>1,814,543</u>
Total liabilities	<u>43,004,354</u>	<u>37,059,213</u>	<u>3,513,304</u>	<u>3,339,512</u>	<u>46,517,658</u>	<u>40,398,725</u>
<u>Deferred Inflows of Resources</u>	<u>8,621,857</u>	<u>8,852,011</u>	<u>4,520</u>	<u>5,806</u>	<u>8,626,377</u>	<u>8,857,817</u>
<u>Net Position</u>						
Net investment in capital assets	72,472,400	69,635,719	3,217,072	3,387,938	75,689,472	73,023,657
Restricted	26,271,821	27,831,150	159,388	158,024	26,431,209	27,989,174
Unrestricted	<u>5,053,033</u>	<u>4,628,893</u>	<u>965,474</u>	<u>975,521</u>	<u>6,018,507</u>	<u>5,604,414</u>
Total net position	<u>\$ 103,797,254</u>	<u>\$ 102,095,762</u>	<u>\$ 4,341,934</u>	<u>\$ 4,521,483</u>	<u>\$ 108,139,188</u>	<u>\$ 106,617,245</u>

The County has adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension asset/liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the County's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

## SENECA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 UNAUDITED (Continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the County's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial condition. At December 31, 2017, the County's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$108,139,188. This amounts to \$103,797,254 in the governmental activities and \$4,341,934 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 59.30 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 \$75,689,472 at December 31, 2017. 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, 2017, 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, \$26,271,821 or 25.31 percent in the governmental activities and \$159,388 or 3.67 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 \$5,053,033 in the governmental activities and \$965,474 in the business-type activities, may be used to meet the County's ongoing obligations to citizens and creditors.

General government expenses, which include legislative and executive and judicial programs, accounted for \$10,796,751 or 24.41 percent of total governmental expenses. General government expenses were covered by direct

## SENECA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 UNAUDITED (Continued)

charges to users, operating grants and contributions, and capital grants and contributions of \$4,055,272, \$192,167, and \$63,489, respectively, in 2017. The County's largest program in 2017 was health, accounting for 21.20 percent of total governmental expenses. Health activities are provided mainly by the SCOC. Health activities expenses were funded by \$2,662,136 in operating grants and contributions and \$1,675,628 in charges for health services in 2017. Human services programs support the operations of Public Assistance, Victim Assistance, Veteran Services, and the Children Services Board. Human services expenses accounted for \$8,598,832 or 19.44 percent of total governmental activities expenses. These expenses were funded by \$264,770 in charges to users of services and \$6,893,241 in operating grants and contributions in 2017. Public works expenses accounted for \$6,512,520 or 14.72 percent of expenses and were offset by direct charges to users, operating grants and contributions, and capital grants and contributions of \$470,850, \$4,202,844, and \$1,301,620, respectively. Public safety activities include the operations of the County sheriff, coroner, community corrections, homeland security, emergency management, and the Seneca County Youth Center. Public safety expenses accounted for \$8,395,489 or 18.98 percent of total governmental activities expenses. These expenses were funded by \$1,886,186 in charges to users of services and \$735,352 in operating grants and contributions in 2017.

The County's direct charges to users of governmental services made up \$8,353,179 or 18.05 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 \$14,766,682 in operating grants and contributions and \$1,365,109 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 \$21,781,953 and amounted to 47.08 percent of total revenues. These revenues primarily consist of property and sales tax revenue of \$17,290,192, or 79.38 percent of total general revenues in 2017. The other primary source of general revenues is unrestricted grants and entitlements of \$2,911,803.

Capital grants and contributions decreased among the governmental activities as the County is finishing up the Joint Justice Center. There were no capital grants and contributions among the business-type activities during 2017.

The table below shows the changes in net position for fiscal year 2017 and 2016.

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(Continued)

**Change in Net Position**

	Governmental Activities 2017	Governmental Activities 2016	Business-type Activities 2017	Business-type Activities 2016	Total 2017	Total 2016
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 8,353,179	\$ 7,474,775	\$ 803,265	\$ 776,849	\$ 9,156,444	\$ 8,251,624
Operating grants and contributions	14,766,682	15,230,235	46,268	333,385	14,812,950	15,563,620
Capital grants and contributions	1,365,109	5,041,149	-	-	1,365,109	5,041,149
<b>Total program revenues</b>	<b>24,484,970</b>	<b>27,746,159</b>	<b>849,533</b>	<b>1,110,234</b>	<b>25,334,503</b>	<b>28,856,393</b>
General revenues:						
Property taxes	8,569,368	8,345,728	-	-	8,569,368	8,345,728
Sales tax	8,720,824	8,838,310	-	-	8,720,824	8,838,310
Unrestricted grants	2,911,803	2,362,812	-	-	2,911,803	2,362,812
Contributions and donations	9,676	36,236	-	-	9,676	36,236
Investment earnings	370,417	324,485	2,668	-	373,085	324,485
Other	1,199,865	615,962	10,928	11,191	1,210,793	627,153
<b>Total general revenues</b>	<b>21,781,953</b>	<b>20,523,533</b>	<b>13,596</b>	<b>11,191</b>	<b>21,795,549</b>	<b>20,534,724</b>
<b>Total revenues</b>	<b>46,266,923</b>	<b>48,269,692</b>	<b>863,129</b>	<b>1,121,425</b>	<b>47,130,052</b>	<b>49,391,117</b>
<b>Expenses</b>						
Program expenses:						
General government						
Legislative and executive	8,108,198	7,304,405	-	-	8,108,198	7,304,405
Judicial	2,688,553	2,382,816	-	-	2,688,553	2,382,816
Public safety	8,395,489	7,190,688	-	-	8,395,489	7,190,688
Public works	6,512,520	6,062,166	-	-	6,512,520	6,062,166
Health	9,377,621	9,191,626	-	-	9,377,621	9,191,626
Human services	8,598,832	7,873,553	-	-	8,598,832	7,873,553
Conservation and recreation	178,910	86,788	-	-	178,910	86,788
Community and economic development	40,989	950,486	-	-	40,989	950,486
Other	4,679	-	-	-	4,679	-
Interest and fiscal charges	329,640	483,696	-	-	329,640	483,696
Emergency Medical Services	-	-	762,762	446,889	762,762	446,889
County Sewer District	-	-	609,916	619,985	609,916	619,985
<b>Total expenses</b>	<b>44,235,431</b>	<b>41,526,224</b>	<b>1,372,678</b>	<b>1,066,874</b>	<b>45,608,109</b>	<b>42,593,098</b>
Excess of revenues over expenses	2,031,492	6,743,468	(509,549)	54,551	1,521,943	6,798,019
Transfers	(330,000)	(180,000)	330,000	180,000	-	-
<b>Change in net position</b>	<b>1,701,492</b>	<b>6,563,468</b>	<b>(179,549)</b>	<b>234,551</b>	<b>1,521,943</b>	<b>6,798,019</b>
<b>Net position at beginning of year</b>	<b>102,095,762</b>	<b>95,532,294</b>	<b>4,521,483</b>	<b>4,286,932</b>	<b>106,617,245</b>	<b>99,819,226</b>
<b>Net position at end of year</b>	<b>\$ 103,797,254</b>	<b>\$ 102,095,762</b>	<b>\$ 4,341,934</b>	<b>\$ 4,521,483</b>	<b>\$ 108,139,188</b>	<b>\$ 106,617,245</b>

**Governmental Activities**

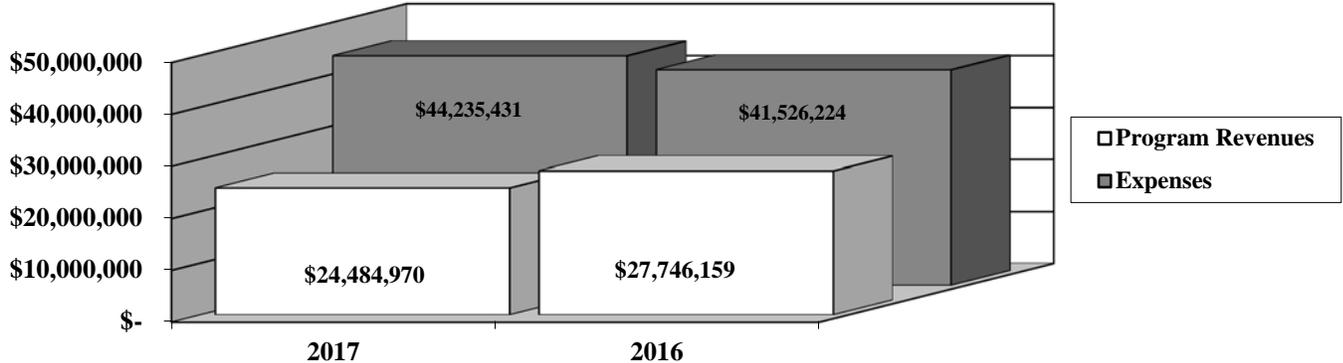
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). The County is reliant upon general revenues to finance

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
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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 2017 and 2016.

	<b>Governmental Activities</b>			
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program Expenses:				
General government				
Legislative and executive	\$ 8,108,198	\$ 5,174,300	\$ 7,304,405	\$ 4,583,182
Judicial	2,688,553	1,311,523	2,382,816	1,102,173
Public safety	8,395,489	5,773,951	7,190,688	4,674,313
Public works	6,512,520	537,206	6,062,166	(3,314,975)
Health	9,377,621	5,039,857	9,191,626	4,850,665
Human services	8,598,832	1,440,821	7,873,553	1,273,683
Conservation and recreation	178,910	134,002	86,788	86,788
Community and economic development	40,989	4,482	950,486	40,540
Other	4,679	4,679	-	-
Interest and fiscal charges	<u>329,640</u>	<u>329,640</u>	<u>483,696</u>	<u>483,696</u>
<b>Total</b>	<u><u>\$ 44,235,431</u></u>	<u><u>\$ 19,750,461</u></u>	<u><u>\$ 41,526,224</u></u>	<u><u>\$ 13,780,065</u></u>

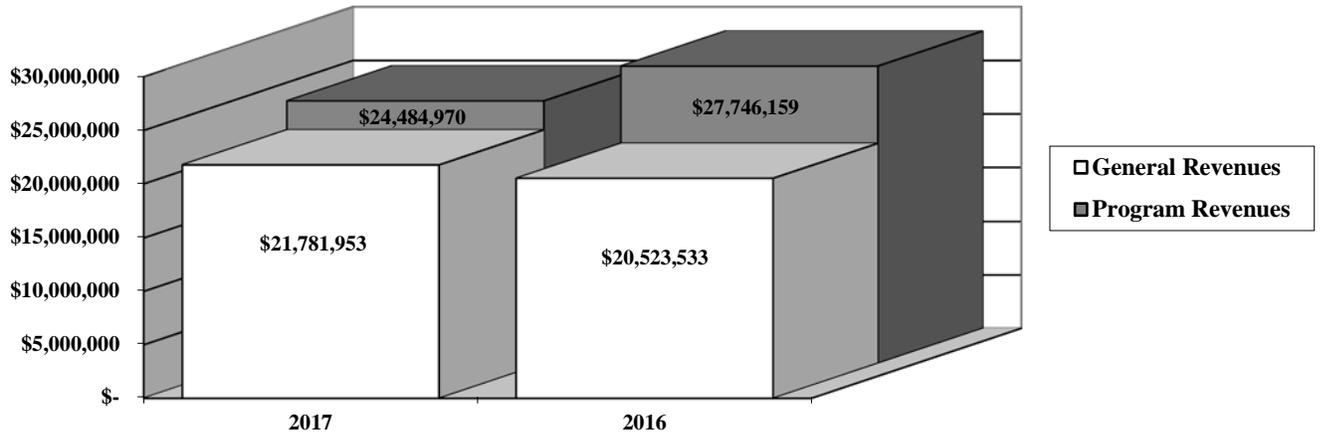
Charges for services, operating grants and contributions, and capital grants and contributions totaling \$24,484,970 were used to offset the general government expenses of the County. The remaining \$19,750,461 in general government expenses was funded by property taxes, sales taxes and grants and entitlements not restricted to specific programs. The County's reliance upon general revenues for governmental activities is apparent, with 44.65 percent of expenses supported through taxes and other general revenues during 2017.

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

**SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
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**Governmental Activities - General and Program Revenues**

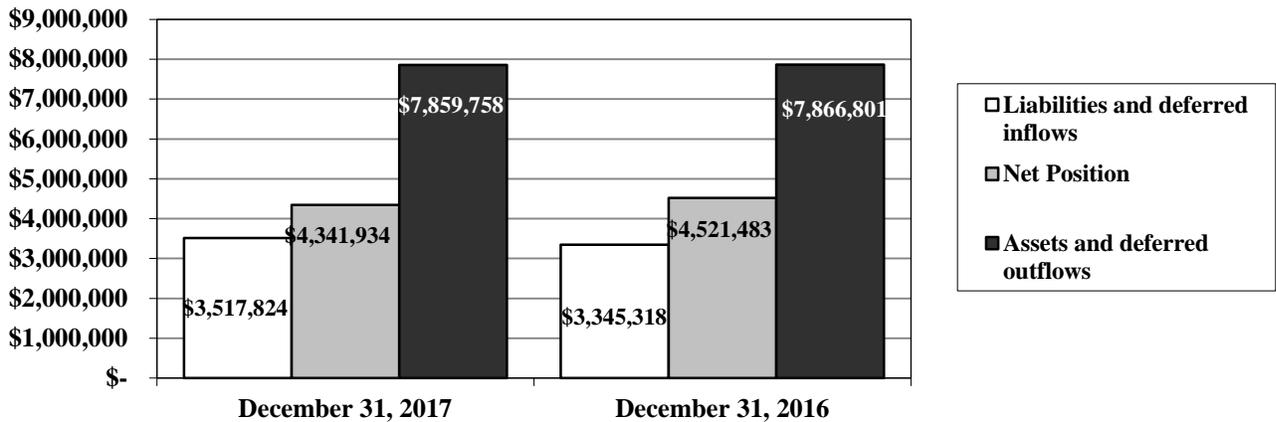


**Business-Type Activities**

The Emergency Medical Services and County Sewer District are the County’s enterprise funds. These operations had program revenues of \$849,533, general revenues of \$13,596, transfers in of \$330,000 and expenses of \$1,372,678 for fiscal year 2017. The net position of the business-type activities decreased \$179,549 during 2017.

The following graph illustrates the assets, liabilities, and net position of the County’s business-type activities at December 31, 2017 and December 31, 2016.

**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**

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
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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 yearend.

The County's governmental funds reported a combined fund balance of \$41,186,942 at December 31, 2017, which is \$6,436,965 lower than last year's total of \$47,623,907.

The schedule below indicates the fund balances as of December 31, 2017 and December 31, 2016 and the total change in fund balance during the year for all major governmental funds and the non-major governmental funds in the aggregate.

	<u>Fund Balances</u> <u>December 31, 2017</u>	<u>Fund Balances</u> <u>December 31, 2016</u>	<u>Change</u>
Major funds:			
General	\$ 7,108,828	\$ 6,933,313	\$ 175,515
Maintenance and Repair	15,550,851	15,006,902	543,949
Public Assistance	92,748	261,294	(168,546)
Seneca County Opportunity Center	8,801,975	6,372,742	2,429,233
Joint Justice Center Construction	2,089,491	12,855,319	(10,765,828)
Nonmajor governmental funds	<u>7,543,049</u>	<u>6,194,337</u>	<u>1,348,712</u>
Total	<u>\$ 41,186,942</u>	<u>\$ 47,623,907</u>	<u>\$ (6,436,965)</u>

**General Fund**

The General fund is the primary operating fund of the County. During 2017, the County's General fund balance increased \$175,515.

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

<u>Revenues</u>	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Taxes	\$ 10,770,059	\$ 10,775,359	(0.05) %
Charges for services	4,253,332	3,609,249	17.85 %
Licenses and permits	3,004	2,991	0.43 %
Fines and forfeitures	225,606	210,826	7.01 %
Intergovernmental	2,535,312	2,141,158	18.41 %
Interest	220,551	250,057	(11.80) %
Other	<u>847,949</u>	<u>432,733</u>	95.95 %
Total	<u>\$ 18,855,813</u>	<u>\$ 17,422,373</u>	8.23 %

Total revenues increased \$1,433,440 or 8.23 percent. Charges for services increased \$644,083 or 17.85 percent due to an increase in ICE and jail housing fees. Intergovernmental revenues increased \$394,154 or 18.41 percent due to more state funds in the Medicaid transitional aid fund. Other revenues of the general fund increased \$415,216 or 95.95 percent primarily due to an increase in insurance reimbursements and miscellaneous receipts in 2017. All other revenues remained comparable to prior year.

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The table that follows assists in illustrating the expenditures of the General fund.

<u>Expenditures</u>	<u>2017 Amount</u>	<u>2016 Amount</u>	<u>Percentage Change</u>
General government:			
Legislative and executive	\$ 6,143,403	\$ 5,777,287	6.34 %
Judicial	2,189,515	2,133,326	2.63 %
Public safety	6,270,610	6,153,734	1.90 %
Public works	70,279	88,100	(20.23) %
Health	120,524	98,534	22.32 %
Human services	467,597	430,141	8.71 %
Conservation and recreation	294,123	98,989	197.13 %
Debt service	3,483	6,233	(44.12) %
Total	<u>\$ 15,559,534</u>	<u>\$ 14,786,344</u>	5.23 %

Total expenditures increased \$773,190 or 5.23 percent. Conservation and recreation expenditures increased \$195,134 or 197.13 percent due to an increase in contract services in recycling. Health expenditures increased \$21,990 or 22.32 percent due to an increase in crippled children aid expenses in 2017. All other expenditures remained comparable to prior year.

***Maintenance and Repair Fund***

The Maintenance and Repair fund, a major governmental fund, had revenues and other financing sources of \$4,873,218 in 2017, an increase of \$210,545 from 2016 revenues and other financing sources. The Maintenance and repair fund had expenditures of \$4,329,269 in 2017, a decrease of \$211,794 from 2016. The fund balance of the Maintenance and Repair fund increased \$543,949 or 3.62 percent from 2016 to 2017.

***Public Assistance Fund***

The Public Assistance fund, a major governmental fund, had revenues and other financing sources of \$4,782,448 in 2017 compared to \$4,546,199 in 2016. The Public Assistance fund had expenditures of \$4,950,994 in 2017, an increase of \$524,956 from 2016. The fund balance of the Public Assistance fund decreased \$168,546 or 64.50 percent from 2016 to 2017.

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

The SCOC fund, a major governmental fund, had revenues of \$11,483,253 in 2017, an increase of \$256,720 from 2016. The SCOC fund had expenditures of \$9,054,020 in 2017, an increase of \$174,015 from 2016. The fund balance of the SCOC fund increased \$2,429,233 or 38.12 percent from 2016 to 2017.

***Joint Justice Center Construction Fund***

The Joint Justice Center Construction fund, a major governmental fund, had revenues and other financing sources of \$589,089 in 2017, a decrease of \$12,612,888 in 2016. The Joint Justice Center Construction fund had expenditures of \$11,354,917 in 2017, an increase of \$9,637,949 from 2016. The variances from 2016 to 2017 in revenues and expenditures is a result of the County receiving funding for the Joint Justice Center in 2016 and completing the majority of the Joint Justice Center construction projects in 2017. The fund balance of the Joint Justice Center Construction fund decreased \$10,765,828 or 83.75 percent from 2016 to 2017.

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***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, Public Assistance fund, and Seneca County Opportunity Center fund.

In the General fund, final budgeted revenues and other financing sources of \$18,016,816 were \$1,373,816 higher than original budgeted revenues of \$16,643,000. Actual revenues and other financing sources of \$18,321,815 were higher than final budgeted revenues and other financing sources by \$304,999 or 1.69 percent.

General fund final budgeted expenditures and other financing uses of \$20,090,877 were \$2,573,970 higher than original budgeted expenditures and other financing uses of \$17,516,907. Actual expenditures and financing uses of \$19,533,000 were \$557,877 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 2017, the County had \$90,018,301 (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, \$83,868,444 was reported in the governmental activities and \$6,149,857 was reported in the business-type activities.

The following table shows December 31, 2017 balances compared to December 31, 2016.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 21,142,857	\$ 21,142,857	\$ 26,243	\$ 26,243	\$ 21,169,100	\$ 21,169,100
Construction in progress	12,668,653	2,237,913	-	-	12,668,653	2,237,913
Land improvements	452,929	330,758	-	-	452,929	330,758
Building and improvements	14,266,912	13,951,940	61,689	68,072	14,328,601	14,020,012
Machinery and equipment	2,356,658	2,016,770	668,658	717,617	3,025,316	2,734,387
Infrastructure	32,980,435	33,363,954	5,393,267	5,562,478	38,373,702	38,926,432
<b>Total</b>	<b>\$ 83,868,444</b>	<b>\$ 73,044,192</b>	<b>\$ 6,149,857</b>	<b>\$ 6,374,410</b>	<b>\$ 90,018,301</b>	<b>\$ 79,418,602</b>

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

**SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
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(Continued)

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 39.32 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 87.70 percent of the County's total business-type capital assets.

***Debt Administration***

At December 31, 2017 the County had \$1,170,000 in general obligation bonds, \$8,524 in capital lease obligations, \$8,655,000 in special obligation bonds, \$29,228 in OWDA loans, \$450,000 Joint Justice Center Loan, \$5,133 in OPWC loans payable, and \$2,927,652 in sewer district improvement revenue bonds outstanding. Of this total, \$852,870 is due within one year and \$12,392,667 is due in more than one year.

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

	<b>Outstanding Debt, at Year End</b>			
	Governmental	Business-Type	Governmental	Business-Type
	Activities 2017	Activities 2017	Activities 2016	Activities 2016
Long-Term Obligations				
General obligation bonds	\$ 1,170,000	\$ -	\$ 1,680,000	\$ -
Capital lease obligation	8,524	-	11,505	-
Special obligation bonds	8,655,000	-	8,905,000	-
OWDA loan	29,228	-	34,544	-
Joint Justice Center loan	450,000	-	-	-
OPWC loan	-	5,133	-	5,820
Sewer improvement bonds	-	2,927,652	-	2,980,652
<b>Total</b>	<b>\$ 10,312,752</b>	<b>\$ 2,932,785</b>	<b>\$ 10,631,049</b>	<b>\$ 2,986,472</b>

At December 31, 2017 the County's voted legal debt margin was \$27,833,101 and the County's unvoted legal debt margin was \$11,469,703. 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, 2015 per the U.S. Census Bureau is 56,088. The County's average annual unemployment rate during 2017 was 4.80 percent compared to a 5.04 percent 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 \$1.190 billion assessed real property tax base has grown approximately 16.00 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 South Washington Street, Suite 2206, Tiffin, Ohio 44883-2841.

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SENECA COUNTY

STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Seneca Re-Ad Industries, Inc.	Seneca County Land Reutilization Corporation (cash-basis)
<b>Assets:</b>					
Equity in pooled cash and investments . . . . .	\$ 39,274,945	\$ 1,135,995	\$ 40,410,940	\$ -	\$ -
Cash and cash equivalents in segregated accounts . . . . .	180,880	-	180,880	983,669	42,742
Cash and cash equivalents with fiscal agent . . . . .	45,297	-	45,297	-	-
Receivables:					
Sales taxes . . . . .	2,112,386	-	2,112,386	-	-
Property taxes . . . . .	8,805,163	-	8,805,163	-	-
Accounts . . . . .	193,531	338,684	532,215	133,308	-
Accrued interest . . . . .	51,362	-	51,362	-	-
Intergovernmental . . . . .	3,495,635	-	3,495,635	-	-
Loans . . . . .	122,659	-	122,659	-	-
Materials and supplies inventory . . . . .	462,919	-	462,919	-	-
Prepayments . . . . .	362,753	2,801	365,554	2,798	-
Net pension asset . . . . .	58,094	1,022	59,116	-	-
Prepaid bond insurance . . . . .	31,899	-	31,899	-	-
Internal balance . . . . .	522	(522)	-	-	-
Investment in joint ventures . . . . .	5,108,287	-	5,108,287	-	-
Capital assets:					
Non-depreciable capital assets . . . . .	33,811,510	26,243	33,837,753	-	-
Depreciable capital assets, net . . . . .	50,056,934	6,123,614	56,180,548	119,364	-
Total capital assets, net . . . . .	83,868,444	6,149,857	90,018,301	119,364	-
Total assets . . . . .	144,174,776	7,627,837	151,802,613	1,239,139	42,742
<b>Deferred outflows of resources:</b>					
Pension - OPERS . . . . .	10,783,169	231,921	11,015,090	-	-
Pension - STRS . . . . .	465,520	-	465,520	-	-
Total deferred outflows of resources . . . . .	11,248,689	231,921	11,480,610	-	-
Total assets and deferred outflows of resources . . . . .	155,423,465	7,859,758	163,283,223	1,239,139	42,742
<b>Liabilities:</b>					
Accounts payable . . . . .	764,136	44,134	808,270	4,256	-
Contracts payable . . . . .	657,749	-	657,749	-	-
Accrued wages and benefits payable . . . . .	371,227	6,506	377,733	32,550	-
Due to other governments . . . . .	239,682	18,965	258,647	-	-
Accrued interest payable . . . . .	26,528	20,128	46,656	-	-
Unearned revenue . . . . .	121,039	334	121,373	-	-
Long-term liabilities:					
Due within one year . . . . .	1,085,266	54,684	1,139,950	-	-
Due in more than one year:					
Net pension liability . . . . .	28,632,536	482,581	29,115,117	-	-
Other amounts . . . . .	11,106,191	2,885,972	13,992,163	-	-
Total liabilities . . . . .	43,004,354	3,513,304	46,517,658	36,806	-
<b>Deferred inflows of resources:</b>					
Property taxes levied for the subsequent year . . . . .	8,233,321	-	8,233,321	-	-
Pension - OPERS . . . . .	294,849	4,520	299,369	-	-
Pension - STRS . . . . .	93,687	-	93,687	-	-
Total deferred inflows of resources . . . . .	8,621,857	4,520	8,626,377	-	-
Total liabilities and deferred inflows of resources . . . . .	51,626,211	3,517,824	55,144,035	36,806	-
<b>Net position:</b>					
Net investment in capital assets . . . . .	72,472,400	3,217,072	75,689,472	119,364	-
Restricted for:					
Capital projects . . . . .	2,123,035	-	2,123,035	-	-
Grants and specific programs . . . . .	2,805,483	-	2,805,483	-	-
Human services programs . . . . .	1,258,974	-	1,258,974	-	-
Community and economic development . . . . .	277,319	-	277,319	-	-
SCOC programs . . . . .	3,992,432	-	3,992,432	-	-
Roads and bridges . . . . .	15,773,123	-	15,773,123	-	-
Other purposes . . . . .	18,339	-	18,339	-	-
Debt service . . . . .	23,116	159,388	182,504	-	-
Unrestricted . . . . .	5,053,033	965,474	6,018,507	1,082,969	42,742
Total net position . . . . .	\$ 103,797,254	\$ 4,341,934	\$ 108,139,188	\$ 1,202,333	\$ 42,742

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government:				
Legislative and executive. . . . .	\$ 8,108,198	\$ 2,832,822	\$ 37,587	\$ 63,489
Judicial. . . . .	2,688,553	1,222,450	154,580	-
Public safety . . . . .	8,395,489	1,886,186	735,352	-
Public works . . . . .	6,512,520	470,850	4,202,844	1,301,620
Health. . . . .	9,377,621	1,675,628	2,662,136	-
Human services . . . . .	8,598,832	264,770	6,893,241	-
Conservation and recreation . . . . .	178,910	-	44,908	-
Community and economic development. . . . .	40,989	473	36,034	-
Other . . . . .	4,679	-	-	-
Interest and fiscal charges . . . . .	329,640	-	-	-
Total governmental activities . . . . .	<u>44,235,431</u>	<u>8,353,179</u>	<u>14,766,682</u>	<u>1,365,109</u>
<b>Business-type activities:</b>				
Emergency Medical Services . . . . .	762,762	310,075	46,268	-
County Sewer District. . . . .	609,916	493,190	-	-
Total business-type activities . . . . .	<u>1,372,678</u>	<u>803,265</u>	<u>46,268</u>	<u>-</u>
Totals . . . . .	<u>\$ 45,608,109</u>	<u>\$ 9,156,444</u>	<u>\$ 14,812,950</u>	<u>\$ 1,365,109</u>
<b>Component Units:</b>				
Seneca Re-Ad Industries, Inc. . . . .	\$ 1,407,802	\$ 712,021	\$ 787,264	\$ -
Seneca County Land Reutilization Corporation (cash-basis). . . . .	47,987	-	-	-

**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**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Seneca Re-Ad Industries, Inc.	Seneca County Land Reutilization Corporation
\$ (5,174,300)	\$ -	\$ (5,174,300)	\$ -	\$ -
(1,311,523)	-	(1,311,523)	-	-
(5,773,951)	-	(5,773,951)	-	-
(537,206)	-	(537,206)	-	-
(5,039,857)	-	(5,039,857)	-	-
(1,440,821)	-	(1,440,821)	-	-
(134,002)	-	(134,002)	-	-
(4,482)	-	(4,482)	-	-
(4,679)	-	(4,679)	-	-
(329,640)	-	(329,640)	-	-
(19,750,461)	-	(19,750,461)	-	-
-	(406,419)	(406,419)	-	-
-	(116,726)	(116,726)	-	-
-	(523,145)	(523,145)	-	-
(19,750,461)	(523,145)	(20,273,606)	-	-
-	-	-	91,483	-
-	-	-	-	(47,987)
1,987,593	-	1,987,593	-	-
6,581,775	-	6,581,775	-	-
8,720,824	-	8,720,824	-	-
2,911,803	-	2,911,803	-	-
9,676	-	9,676	5,313	-
370,417	2,668	373,085	1,154	1
1,199,865	10,928	1,210,793	2,156	90,458
21,781,953	13,596	21,795,549	8,623	90,459
(330,000)	330,000	-	-	-
21,451,953	343,596	21,795,549	8,623	90,459
1,701,492	(179,549)	1,521,943	100,106	42,472
102,095,762	4,521,483	106,617,245	1,102,227	-
\$ 103,797,254	\$ 4,341,934	\$ 108,139,188	\$ 1,202,333	\$ 42,472

**SENECA COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	<b>General</b>	<b>Maintenance and Repair</b>	<b>Public Assistance</b>	<b>Seneca County Opportunity Center</b>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 5,289,968	\$ 14,544,461	\$ 207,539	\$ 8,224,328
Cash and cash equivalents in segregated accounts . . . . .	180,880	-	-	-
Cash and cash equivalents with fiscal agent . . . . .	-	-	-	-
Receivables:				
Sales taxes . . . . .	2,112,386	-	-	-
Property taxes . . . . .	2,059,701	-	-	6,745,462
Accounts . . . . .	138,660	7,154	2,361	15,119
Due from other funds . . . . .	51,852	-	-	-
Interfund loans . . . . .	47,000	-	-	624,000
Accrued interest . . . . .	44,275	7,087	-	-
Intergovernmental . . . . .	965,472	2,026,557	-	379,313
Loans . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	56,177	387,363	-	15,492
Prepayments . . . . .	218,227	12,901	37,120	68,012
Total assets . . . . .	<u>\$ 11,164,598</u>	<u>\$ 16,985,523</u>	<u>\$ 247,020</u>	<u>\$ 16,071,726</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 301,527	\$ 54,306	\$ 98,737	\$ 107,770
Contracts payable . . . . .	-	-	-	-
Accrued wages and benefits payable . . . . .	164,045	26,604	46,619	105,391
Matured compensated absences payable . . . . .	-	-	-	16,717
Intergovernmental payable . . . . .	177,885	4,473	8,916	38,127
Due to other funds . . . . .	-	2	-	-
Interfund loans payable . . . . .	-	-	-	-
Unearned revenue . . . . .	6,415	-	-	6,371
Total liabilities . . . . .	<u>649,872</u>	<u>85,385</u>	<u>154,272</u>	<u>274,376</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the subsequent year . . . . .	1,924,479	-	-	6,308,842
Delinquent property taxes not available . . . . .	135,222	-	-	436,620
Accrued interest not available . . . . .	13,098	1,253	-	-
Intergovernmental revenue not available . . . . .	523,022	1,348,034	-	249,913
Sales taxes not available . . . . .	810,077	-	-	-
Total deferred inflows of resources . . . . .	<u>3,405,898</u>	<u>1,349,287</u>	<u>-</u>	<u>6,995,375</u>
Total liabilities and deferred inflows of resources . . . . .	<u>4,055,770</u>	<u>1,434,672</u>	<u>154,272</u>	<u>7,269,751</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	455,284	400,264	37,120	83,504
Restricted . . . . .	-	15,150,587	55,628	8,718,471
Committed . . . . .	11,855	-	-	-
Assigned . . . . .	2,145,178	-	-	-
Unassigned (deficit) . . . . .	4,496,511	-	-	-
Total fund balances . . . . .	<u>7,108,828</u>	<u>15,550,851</u>	<u>92,748</u>	<u>8,801,975</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 11,164,598</u>	<u>\$ 16,985,523</u>	<u>\$ 247,020</u>	<u>\$ 16,071,726</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Joint Justice Center Construction</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,734,981	\$ 8,273,668	\$ 39,274,945
-	-	180,880
-	45,297	45,297
-	-	2,112,386
-	-	8,805,163
-	30,237	193,531
-	-	51,852
-	-	671,000
-	-	51,362
-	124,293	3,495,635
-	122,659	122,659
-	3,887	462,919
-	26,493	362,753
<u>\$ 2,734,981</u>	<u>\$ 8,626,534</u>	<u>\$ 55,830,382</u>
\$ -	\$ 201,796	\$ 764,136
645,490	12,259	657,749
-	28,568	371,227
-	-	16,717
-	10,281	239,682
-	51,328	51,330
-	671,000	671,000
-	108,253	121,039
<u>645,490</u>	<u>1,083,485</u>	<u>2,892,880</u>
-	-	8,233,321
-	-	571,842
-	-	14,351
-	-	2,120,969
-	-	810,077
<u>-</u>	<u>-</u>	<u>11,750,560</u>
<u>645,490</u>	<u>1,083,485</u>	<u>14,643,440</u>
-	30,380	1,006,552
2,089,491	5,500,671	31,514,848
-	-	11,855
-	2,035,595	4,180,773
-	(23,597)	4,472,914
<u>2,089,491</u>	<u>7,543,049</u>	<u>41,186,942</u>
<u>\$ 2,734,981</u>	<u>\$ 8,626,534</u>	<u>\$ 55,830,382</u>

**SENECA COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2017

<b>Total governmental fund balances</b>	\$	41,186,942
<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.		83,868,444
Investments in joint ventures by the governmental activities are not financial resources and therefore are not reported in the funds.		5,108,287
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Sales taxes receivable	\$ 810,077	
Delinquent property taxes receivable	571,842	
Intergovernmental receivable	2,120,969	
Accrued interest receivable	14,351	
Total	3,517,239	3,517,239
On the statement of net position interest is accrued on outstanding bonds payable, whereas in the governmental funds interest is accrued when due.		(26,528)
Unamortized prepaid bond insurance costs are amortized over the life of the bonds on the statement of net position.		31,899
Unamortized premiums on bond issuances are not recognized in the governmental funds.		(454,771)
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	(1,407,217)	
Capital lease payable	(8,524)	
General obligation bonds payable	(9,825,000)	
Loans payable	(479,228)	
Total	(11,719,969)	(11,719,969)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows of resources - pension	11,248,689	
Deferred inflows of resources - pension	(388,536)	
Net pension asset	58,094	
Net pension liability	(28,632,536)	
Total	(17,714,289)	(17,714,289)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>103,797,254</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**SENECA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>General</b>	<b>Maintenance and Repair</b>	<b>Public Assistance</b>	<b>Seneca County Opportunity Center</b>
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,994,366	\$ -	\$ -	\$ 6,593,816
Sales taxes . . . . .	8,775,693	-	-	-
Special assessments . . . . .	-	-	-	-
Charges for services . . . . .	4,253,332	48,485	-	1,385,699
Licenses and permits . . . . .	3,004	-	-	-
Fines and forfeitures . . . . .	225,606	35,399	-	-
Intergovernmental . . . . .	2,535,312	4,564,275	4,595,581	3,362,563
Interest . . . . .	220,551	35,993	-	-
Rent . . . . .	105,434	-	-	84,136
Contributions and donations . . . . .	2,265	-	-	2,961
Other . . . . .	740,250	188,652	51,840	54,078
<b>Total revenues . . . . .</b>	<b>18,855,813</b>	<b>4,872,804</b>	<b>4,647,421</b>	<b>11,483,253</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	6,143,403	-	-	-
Judicial . . . . .	2,189,515	-	-	-
Public safety . . . . .	6,270,610	-	-	-
Public works . . . . .	70,279	4,329,269	-	-
Health . . . . .	120,524	-	-	9,054,020
Human services . . . . .	467,597	-	4,950,994	-
Conservation and recreation . . . . .	294,123	-	-	-
Community and economic development . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	2,981	-	-	-
Interest and fiscal charges . . . . .	502	-	-	-
<b>Total expenditures . . . . .</b>	<b>15,559,534</b>	<b>4,329,269</b>	<b>4,950,994</b>	<b>9,054,020</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	3,296,279	543,535	(303,573)	2,429,233
<b>Other financing sources (uses):</b>				
Loan proceeds . . . . .	-	-	-	-
Sale of capital assets . . . . .	3,550	414	-	-
Transfers in . . . . .	899	-	135,027	-
Transfers (out) . . . . .	(3,125,213)	-	-	-
<b>Total other financing sources (uses) . . . . .</b>	<b>(3,120,764)</b>	<b>414</b>	<b>135,027</b>	<b>-</b>
Net change in fund balances . . . . .	175,515	543,949	(168,546)	2,429,233
<b>Fund balances at beginning of year . . . . .</b>	<b>6,933,313</b>	<b>15,006,902</b>	<b>261,294</b>	<b>6,372,742</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 7,108,828</b>	<b>\$ 15,550,851</b>	<b>\$ 92,748</b>	<b>\$ 8,801,975</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Joint Justice Center Construction</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 8,588,182
-	-	8,775,693
-	297,576	297,576
-	1,498,437	7,185,953
-	28,000	31,004
-	242,821	503,826
-	4,095,947	19,153,678
104,089	4,229	364,862
-	145,250	334,820
-	7,411	12,637
-	165,045	1,199,865
<u>104,089</u>	<u>6,484,716</u>	<u>46,448,096</u>
-	843,712	6,987,115
-	153,352	2,342,867
-	1,063,959	7,334,569
-	140,904	4,540,452
-	143,169	9,317,713
-	2,647,015	8,065,606
-	10,077	304,200
-	40,989	40,989
-	1,342	1,342
11,354,917	1,601,840	12,956,757
-	765,316	768,297
-	348,616	349,118
<u>11,354,917</u>	<u>7,760,291</u>	<u>53,009,025</u>
<u>(11,250,828)</u>	<u>(1,275,575)</u>	<u>(6,560,929)</u>
450,000	-	450,000
-	-	3,964
35,000	2,660,186	2,831,112
-	(35,899)	(3,161,112)
<u>485,000</u>	<u>2,624,287</u>	<u>123,964</u>
(10,765,828)	1,348,712	(6,436,965)
<u>12,855,319</u>	<u>6,194,337</u>	<u>47,623,907</u>
<u>\$ 2,089,491</u>	<u>\$ 7,543,049</u>	<u>\$ 41,186,942</u>

**SENECA COUNTY**

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, 2017

<b>Net change in fund balances - total governmental funds:</b>	\$	(6,436,965)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 14,846,134	
Current year depreciation	(3,605,104)	
Total		11,241,030
The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position.		
		(416,778)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	(54,869)	
Property taxes	(18,814)	
Intergovernmental revenues	(113,045)	
Investment income	5,555	
Total		(181,173)
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.		
		234,183
Loan proceeds are reported as revenues in the governmental funds; however, in the statement of net position the debt is reported as a liability.		
		(450,000)
Repayment of bond, loans and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		768,297
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable	1,797	
Amortization of bond premiums	19,015	
Amortization of prepaid bond insurance	(1,334)	
Total		19,478
Contractually required contributions are reported as expenditures in the funds; however, the statement of net position reports these amounts as deferred outflows.		
		2,286,412
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities.		
		(5,425,837)
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.		
		62,845
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>1,701,492</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<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 . . . . .	\$ 1,997,400	\$ 1,994,366	\$ 1,994,366	\$ -
Sales taxes . . . . .	8,906,980	8,906,980	8,871,166	(35,814)
Charges for services . . . . .	3,005,950	3,723,846	3,859,916	136,070
Licenses and permits . . . . .	2,865	2,969	3,004	35
Fines and forfeitures . . . . .	194,050	208,951	208,951	-
Intergovernmental . . . . .	1,931,547	2,081,640	2,081,724	84
Interest . . . . .	220,400	274,845	283,224	8,379
Rent . . . . .	104,608	108,153	111,849	3,696
Contributions and donations . . . . .	8,000	2,265	2,265	-
Other . . . . .	271,200	702,929	706,078	3,149
<b>Total revenues . . . . .</b>	<u>16,643,000</u>	<u>18,006,944</u>	<u>18,122,543</u>	<u>115,599</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	6,160,814	6,798,216	6,749,884	48,332
Judicial . . . . .	2,593,373	2,523,438	2,377,348	146,090
Public safety . . . . .	6,426,083	6,480,202	6,417,478	62,724
Public works . . . . .	88,270	90,161	81,308	8,853
Health . . . . .	135,312	121,143	121,143	-
Human services . . . . .	756,770	661,120	615,902	45,218
Conservation and recreation . . . . .	150,892	312,541	299,241	13,300
<b>Total expenditures . . . . .</b>	<u>16,311,514</u>	<u>16,986,821</u>	<u>16,662,304</u>	<u>324,517</u>
Excess of revenues over expenditures . . . . .	<u>331,486</u>	<u>1,020,123</u>	<u>1,460,239</u>	<u>440,116</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	-	3,550	3,550	-
Advances in . . . . .	-	-	194,823	194,823
Advances (out) . . . . .	-	-	(47,000)	(47,000)
Transfers in . . . . .	-	6,322	899	(5,423)
Transfers (out) . . . . .	(1,205,393)	(3,104,056)	(2,823,696)	280,360
<b>Total other financing sources (uses) . . . . .</b>	<u>(1,205,393)</u>	<u>(3,094,184)</u>	<u>(2,671,424)</u>	<u>422,760</u>
Net change in fund balance . . . . .	(873,907)	(2,074,061)	(1,211,185)	862,876
<b>Fund balance at beginning of year . . . . .</b>	2,930,906	2,930,906	2,930,906	-
<b>Prior year encumbrances appropriated . . . . .</b>	951,383	951,383	951,383	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,008,382</u>	<u>\$ 1,808,228</u>	<u>\$ 2,671,104</u>	<u>\$ 862,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY**

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, 2017

	<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 . . . . .	\$ 100,000	\$ 100,000	\$ 45,684	\$ (54,316)
Fines and forfeitures. . . . .	33,000	33,000	32,181	(819)
Intergovernmental . . . . .	4,070,000	4,070,000	4,564,001	494,001
Interest. . . . .	30,000	30,000	56,538	26,538
Other. . . . .	5,000	5,000	187,517	182,517
<b>Total revenues . . . . .</b>	<u>4,238,000</u>	<u>4,238,000</u>	<u>4,885,921</u>	<u>647,921</u>
<b>Expenditures:</b>				
Current:				
Public works. . . . .	4,018,936	5,004,723	4,466,006	538,717
Excess (deficiency) of revenues over (under) expenditures . . . . .	219,064	(766,723)	419,915	109,204
<b>Other financing sources:</b>				
Sale of capital assets. . . . .	-	-	414	414
Net change in fund balance . . . . .	219,064	(766,723)	420,329	109,618
<b>Fund balance at beginning of year . . . . .</b>	13,626,295	13,626,295	13,626,295	-
<b>Prior year encumbrances appropriated . . . . .</b>	332,755	332,755	332,755	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 14,178,114</u>	<u>\$ 13,192,327</u>	<u>\$ 14,379,379</u>	<u>\$ 109,618</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 PUBLIC ASSISTANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 4,509,045	\$ 4,794,673	\$ 4,616,733	\$ (177,940)
Other . . . . .	102,500	92,250	66,118	(26,132)
Total revenues . . . . .	<u>4,611,545</u>	<u>4,886,923</u>	<u>4,682,851</u>	<u>(204,072)</u>
<b>Expenditures:</b>				
Current:				
Human services . . . . .	<u>4,955,867</u>	<u>5,380,734</u>	<u>5,292,604</u>	<u>88,130</u>
Excess of expenditures over revenues . . . . .	<u>(344,322)</u>	<u>(493,811)</u>	<u>(609,753)</u>	<u>(292,202)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>141,033</u>	<u>135,027</u>	<u>135,027</u>	<u>-</u>
Net change in fund balance . . . . .	(203,289)	(358,784)	(474,726)	(292,202)
<b>Fund balance at beginning of year . . . . .</b>	91,332	91,332	91,332	-
<b>Prior year encumbrances appropriated . . .</b>	332,005	332,005	332,005	-
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ 220,048</u>	<u>\$ 64,553</u>	<u>\$ (51,389)</u>	<u>\$ (292,202)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY**

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, 2017

	<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 . . . . .	\$ 6,287,726	\$ 6,593,816	\$ 6,593,816	\$ -
Charges for services . . . . .	2,221,104	1,456,506	1,380,533	(75,973)
Intergovernmental . . . . .	3,090,730	3,258,851	3,393,347	134,496
Rent . . . . .	80,481	80,481	85,715	5,234
Contributions and donations. . . . .	4,000	4,000	2,961	(1,039)
Other. . . . .	-	-	53,385	53,385
Total revenues . . . . .	<u>11,684,041</u>	<u>11,393,654</u>	<u>11,509,757</u>	<u>116,103</u>
<b>Expenditures:</b>				
Current:				
Health. . . . .	<u>17,642,732</u>	<u>17,198,834</u>	<u>10,033,399</u>	<u>7,165,435</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(5,958,691)</u>	<u>(5,805,180)</u>	<u>1,476,358</u>	<u>(7,049,332)</u>
<b>Other financing uses:</b>				
Transfers (out). . . . .	<u>(248,067)</u>	<u>(90,000)</u>	<u>-</u>	<u>90,000</u>
Net change in fund balance . . . . .	(6,206,758)	(5,895,180)	1,476,358	(6,959,332)
<b>Fund balance at beginning of year . . . . .</b>	5,772,897	5,772,897	5,772,897	-
<b>Prior year encumbrances appropriated . . .</b>	743,189	743,189	743,189	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 309,328</u>	<u>\$ 620,906</u>	<u>\$ 7,992,444</u>	<u>\$ (6,959,332)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds		
	Emergency Medical Services	County Sewer District	Total
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and investments . . . . .	\$ 358,024	\$ 777,971	\$ 1,135,995
Accounts . . . . .	175,123	163,561	338,684
Prepayments . . . . .	2,036	765	2,801
Total current assets . . . . .	535,183	942,297	1,477,480
Noncurrent assets:			
Net pension asset . . . . .	795	227	1,022
Capital assets:			
Non-depreciable capital assets . . . . .	-	26,243	26,243
Depreciable capital assets, net . . . . .	658,723	5,464,891	6,123,614
Total capital assets, net . . . . .	658,723	5,491,134	6,149,857
Total noncurrent assets . . . . .	659,518	5,491,361	6,150,879
Total assets . . . . .	1,194,701	6,433,658	7,628,359
<b>Deferred outflows of resources:</b>			
Pension - OPERS . . . . .	189,856	42,065	231,921
Total assets and deferred outflows of resources . . . . .	1,384,557	6,475,723	7,860,280
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable . . . . .	26,319	17,815	44,134
Accrued wages and benefits payable . . . . .	5,239	1,267	6,506
Due to other funds . . . . .	-	522	522
Due to other governments . . . . .	989	17,976	18,965
Unearned revenue . . . . .	-	334	334
Accrued interest payable . . . . .	-	20,128	20,128
Revenue bonds payable . . . . .	-	54,000	54,000
OPWC loans payable . . . . .	-	684	684
Total current liabilities . . . . .	32,547	112,726	145,273
Long-term liabilities:			
Compensated absences payable . . . . .	7,871	-	7,871
Revenue bonds payable . . . . .	-	2,873,652	2,873,652
OPWC loans payable . . . . .	-	4,449	4,449
Net pension liability . . . . .	375,528	107,053	482,581
Total long-term liabilities . . . . .	383,399	2,985,154	3,368,553
Total liabilities . . . . .	415,946	3,097,880	3,513,826
<b>Deferred inflows of resources:</b>			
Pension - OPERS . . . . .	2,640	1,880	4,520
Total liabilities and deferred inflows of resources . . . . .	418,586	3,099,760	3,518,346
<b>Net position:</b>			
Net investment in capital assets . . . . .	658,723	2,558,349	3,217,072
Restricted for debt service . . . . .	-	159,388	159,388
Unrestricted . . . . .	307,248	658,226	965,474
Total net position . . . . .	\$ 965,971	\$ 3,375,963	\$ 4,341,934

**SENECA COUNTY**

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<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 . . . . .	\$ 310,075	\$ 491,791	\$ 801,866
Tap-in fees . . . . .	-	1,399	1,399
Other operating revenues. . . . .	5,851	5,077	10,928
Total operating revenues. . . . .	<u>315,926</u>	<u>498,267</u>	<u>814,193</u>
<b>Operating expenses:</b>			
Personal services . . . . .	408,655	92,227	500,882
Contract services . . . . .	91,276	240,688	331,964
Materials and supplies . . . . .	46,167	13,201	59,368
Depreciation . . . . .	181,259	179,451	360,710
Other . . . . .	42,905	2,746	45,651
Total operating expenses . . . . .	<u>770,262</u>	<u>528,313</u>	<u>1,298,575</u>
Operating loss . . . . .	<u>(454,336)</u>	<u>(30,046)</u>	<u>(484,382)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income . . . . .	-	2,668	2,668
Interest and fiscal charges . . . . .	-	(81,603)	(81,603)
Gain on disposal of capital assets. . . . .	7,500	-	7,500
Grants and subsidies . . . . .	46,268	-	46,268
Total nonoperating revenues (expenses) . . . . .	<u>53,768</u>	<u>(78,935)</u>	<u>(25,167)</u>
Loss before transfers . . . . .	(400,568)	(108,981)	(509,549)
Transfer in . . . . .	330,000	-	330,000
Change in net position . . . . .	(70,568)	(108,981)	(179,549)
<b>Net position at beginning of year . . . . .</b>	<u>1,036,539</u>	<u>3,484,944</u>	<u>4,521,483</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 965,971</u>	<u>\$ 3,375,963</u>	<u>\$ 4,341,934</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<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 . . . . .	\$ 279,990	\$ 495,357	\$ 775,347
Cash received from tap-in fees . . . . .	-	1,399	1,399
Cash received from other operations . . . . .	5,851	6,891	12,742
Cash payments for personal services . . . . .	(338,436)	(78,373)	(416,809)
Cash payments for contractual services . . . . .	(94,130)	(229,451)	(323,581)
Cash payments for materials and supplies . . . . .	(45,162)	(22,553)	(67,715)
Cash payments for other expenses . . . . .	(21,777)	(2,241)	(24,018)
Net cash provided by (used in) operating activities. . . . .	<u>(213,664)</u>	<u>171,029</u>	<u>(42,635)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from grants and subsidies . . . . .	47,841		47,841
Cash received from transfers in . . . . .	330,000	135,968	465,968
Cash used in transfers out . . . . .	-	(135,968)	(135,968)
Net cash provided by noncapital financing activities. . . . .	<u>377,841</u>	<u>-</u>	<u>377,841</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(136,157)	-	(136,157)
Sale of capital assets . . . . .	7,500	-	7,500
Principal retirement on revenue bonds . . . . .	-	(53,000)	(53,000)
Principal retirement on loans . . . . .	-	(687)	(687)
Interest and fiscal charges . . . . .	-	(81,967)	(81,967)
Net cash used in capital and related financing activities. . . . .	<u>(128,657)</u>	<u>(135,654)</u>	<u>(264,311)</u>
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	-	2,668	2,668
Net increase in cash and cash equivalents . . . . .	35,520	38,043	73,563
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>322,504</b>	<b>739,928</b>	<b>1,062,432</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 358,024</u></b>	<b><u>\$ 777,971</u></b>	<b><u>\$ 1,135,995</u></b>

- - (Continued)

**SENECA COUNTY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Emergency Medical Services</b>	<b>County Sewer District</b>	<b>Total</b>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss . . . . .	\$ (454,336)	\$ (30,046)	\$ (484,382)
Adjustments:			
Depreciation . . . . .	181,259	179,451	360,710
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable . . . . .	(30,085)	5,348	(24,737)
Prepayments . . . . .	(322)	5	(317)
Net pension asset . . . . .	(313)	(24)	(337)
Deferred outflows - pension . . . . .	(111,267)	(8,894)	(120,161)
Accounts payable . . . . .	19,422	(949)	18,473
Accrued wages and benefits . . . . .	2,093	(32)	2,061
Intergovernmental payable . . . . .	503	3,296	3,799
Amounts due to other funds . . . . .	(1)	33	32
Compensated absences payable . . . . .	5,267	-	5,267
Net pension liability . . . . .	175,559	22,652	198,211
Deferred inflows - pension . . . . .	(1,443)	157	(1,286)
Unearned revenue . . . . .	-	32	32
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by (used in) operating activities. . . . .	<u>\$ (213,664)</u>	<u>\$ 171,029</u>	<u>\$ (42,635)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2017

	<b>Agency</b>
<b>Assets:</b>	
<i>Current assets:</i>	
Equity in pooled cash	
Equity in pooled cash and investments . . . . .	\$ 9,797,334
Cash in segregated accounts. . . . .	169,030
Receivables:	
Accounts . . . . .	982,988
Intergovernmental. . . . .	2,745,401
Taxes . . . . .	47,150,096
Prepayments. . . . .	31,827
Total assets . . . . .	\$ 60,876,676
<b>Liabilities:</b>	
<i>Current liabilities:</i>	
Accrued wages and benefits. . . . .	\$ 30,293
Intergovernmental payable . . . . .	51,518,663
Compensated absences . . . . .	204,195
Undistributed monies . . . . .	8,251,946
Deposits held and due to others. . . . .	871,579
Total liabilities . . . . .	\$ 60,876,676

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 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 three component units.

**Component Units** - The component unit columns on the entity-wide financial statements includes the financial data of the County's discretely presented component units Seneca Re-Ad Industries, Inc and Seneca County Land Reutilization Corporation. The County's third discretely presented component unit, the Seneca County Transportation Improvement District, did not have any activity during 2017. The component units are reported in separate columns to emphasize that they are legally separate from the County. Information in the following notes is applicable to the primary government. Information relative to the component units are presented in Notes 21 and 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, Ohio 45840.

#### Seneca County Land Reutilization Corporation

The Seneca County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on November 19, 2015 when the Seneca County Board of Commissioners

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Seneca County (the County). By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and return properties to productive use. Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County and (4) one member who is a representative of the second largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County. Separately issued financial statements can be obtained from the Seneca County Land Reutilization Corporation, 109 South Washington Street, Suite 2105, Tiffin, Ohio 44883.

#### Seneca County Transportation Improvement District

The Seneca County Transportation Improvement District (the SCTID) is a body politic and corporate, created for the purpose to acquire, construct, enlarge, improve, equip, sell, lease, lease-purchase, exchange, or otherwise dispose of property, structures, and other facilities for transportation projects. The SCTID was specifically created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The SCTID was created by action of the Board of Seneca County Commissioners on October 25, 2017. The SCTID is governed by a Board of Trustees that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members of whom five are voting and two are non-voting. Each Board member serves a term of one year and there are no term limits for reappointment. The five voting Board members are appointed by the Board of Seneca County Commissioners. In addition, the County is able to impose its will on the SCTID. SCTID's year end is December 31.

**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 and Recovery Services Board
- Seneca County Regional Planning Commission
- Seneca County Park District

The following organizations are joint ventures, jointly owned organizations and pools in which the County participates.

#### 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,

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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.

#### 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, a fourteen-member Board is the governing body. Eight members of the Board are appointed by the Board of County Commissioners from the respective counties of which members are residents, and six members are appointed by the State of Ohio, Department of Mental Health and 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, Crawford, 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

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (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 an 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 West Market Street, Tiffin, Ohio 44883.

#### Clearwater Council of Governments

The Clearwater Council of Governments (Clearwater) is a regional council of governments comprised of the Boards of Developmental Disabilities (DD) of Crawford, Erie, Huron, Marion, Morrow, Ottawa, Sandusky, Seneca, and Wyandot Counties. The Board of Directors is made up of the superintendents from each of these DD Boards. Clearwater is the administrator of various grant monies for each these Boards of DD. The degree of control exercised by any participating government is limited to its representation of the Board. Financial information can be obtained from the Clearwater Council of Governments, 8200 West State Route 163, Oak Harbor, Ohio, 43449.

#### Metro-Richland County (METRICH)

The County is a member of the Metro-Richland County Enforcement Unit which is a jointly governed organization between Crawford, Huron, Morrow, Knox, Seneca, Marion, Ashland, Hancock and Wyandot Counties, the City of Mansfield, the City of Tiffin and 38 other communities. METRICH remains one of the only decentralized task forces in the state promoting a Community Policing philosophy approach to task force operations. There is a control group in each county (Prosecutor, Sheriff, and chiefs of Police) that direct local efforts including setting local goals and objectives in support of the regional goals and objectives.

The METRICH Control Board is represented by each of the nine Prosecutors, Sheriffs and the Chief of Police of the participating agencies. Funding is obtained through grants administered by the Ohio Office of Criminal Justice Services (OCJS). This grant funding is utilized to support task force operations throughout all nine counties. Information can be obtained from the Mansfield Division of Police, Chief Dino Sgambellone, Project Director.

## **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

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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.

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 fund - 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

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

Public Assistance fund - The Public Assistance fund accounts for primarily federal grant money that is restricted for providing public assistance to County residents.

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.

Joint Justice Center Construction fund - The Joint Justice Center Construction fund accounts for revenues and expenditures associated with the Joint Justice Center construction. Expenditures in this fund are restricted by the bond agreement.

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) fund - 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 fund - 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.

##### ***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

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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, are 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.

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 Outflows of Resources and Deferred Inflows of Resources***

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes, but is not limited to, sales taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

This deferred inflow of resources is only reported on the government-wide statement of net position.

#### ***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 2017.

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 investments". During 2017, investments were limited to STAR Ohio, negotiable certificates of deposit (CDs), U.S. Government money market accounts, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

(FFCB) securities, Federal National Mortgage Association (FNMA) securities, U.S. Bank commercial paper, a U.S. Government money market and a taxable municipal issue.

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.

During 2017, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 was \$220,551, which includes approximately \$174,473 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, 2017 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. At year-end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

#### **H. Inventory**

Inventory is presented at the lower of cost or market on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption. On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources.

#### **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

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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 acquisition 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
Land Improvements .....	15
Machinery and Equipment .....	5-7
Infrastructure .....	5-50
Vehicles.....	5

**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”.

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.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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.

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.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

*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.

#### **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.

#### **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

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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 2017.

#### **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.

#### **U. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

#### **V. Fair Value Measurements**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### **NOTE 3 – ACCOUNTABILITY AND COMPLIANCE**

#### **A. Change in Accounting Principles**

For 2017, the County has implemented GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*”, GASB Statement No. 81 “*Irrevocable Split-Interest Agreements*”, and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the County.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the County.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

implementation of GASB Statement No. 82 did not have an effect on the financial statements of the County.

#### **B. Deficit Fund Balances**

Fund balances at December 31, 2017 included the following individual fund deficit:

<u>Nonmajor funds</u>	<u>Deficit</u>
Wolf Creek ditch project	\$ 23,597

The General fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance 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;
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;

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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.

#### **A. Deposits with Financial Institutions**

At December 31, 2017, the carrying amount of the County's deposits was \$18,854,183 and the bank balance of the County's deposits was \$19,915,979. Of the bank balance, \$1,858,064 was covered by the FDIC, \$14,891,848 was covered by the Ohio Pooled Collateral System (OPCS), and \$3,166,067 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized. Although 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.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Financial institutions which have received an extension (the "grace period") from the Ohio Treasurer of State to participate in the OPCS beyond December 31, 2017 may also pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total market value of the securities so pledged is at least equal to 105% of the total amount of all public deposits to be secured by the pooled securities that are not covered by any federal deposit insurance. For 2017, certain County financial institutions participated in OPCS and some did not participate in the OPCS because they received an extension of time to participate.

At December 31, 2017, \$60,094 of the County's bank balance of \$706,993 was exposed to custodial credit risk. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day.

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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, 2017, the County had the following investments and maturities.

Measurement/ Investment Type	Measurement Amount	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 months
Amortized Cost:						
STAR Ohio	\$ 2,667,584	\$ 2,667,584	\$ -	\$ -	\$ -	\$ -
Fair Value:						
Commercial paper	609,703	609,703	-	-	-	-
Negotiable CD's	7,553,780	698,030	1,937,159	-	1,719,429	3,199,162
U.S. Government money market	3,691,073	3,691,073	-	-	-	-
FHLB	2,565,542	-	-	-	-	2,565,542
FHLMC	10,017,445	-	498,050	850,642	430,046	8,238,707
FFCB	752,444	-	-	-	-	752,444
FNMA	3,132,490	-	691,157	591,362	-	1,849,971
Corporate notes	499,900	499,900	-	-	-	-
Taxable municipal issue	257,330	-	-	-	-	257,330
<b>Total</b>	<b>\$ 31,747,291</b>	<b>\$ 8,166,290</b>	<b>\$ 3,126,366</b>	<b>\$ 1,442,004</b>	<b>\$ 2,149,475</b>	<b>\$ 16,863,156</b>

The weighted average maturity of investments is 2.13 years.

The County's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The County's investments in negotiable CD's, commercial paper, federal agency securities (FHLB, FHLMC, FFCB, FNMA), corporate notes and taxable municipal issue are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*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.

*Credit Risk:* STAR Ohio and the U.S. Government money market account were assigned an AAAM rating from Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The County's investments in federal agency securities were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the County's name. The County's U.S. Bank commercial paper account was exposed to custodial

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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, 2017 is as follows:

<u>Measurement/ Investment Type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
STAR Ohio	\$ 2,667,584	8.40
Commercial paper	609,703	1.92
Negotiable CD's	7,553,780	23.79
U.S. Government money market	3,691,073	11.63
FHLB	2,565,542	8.08
FHLMC	10,017,445	31.56
FFCB	752,444	2.37
FNMA	3,132,490	9.87
Corporate notes	499,900	1.57
Taxable municipal issue	257,330	0.81
Total	<u>\$ 31,747,291</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, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 18,854,183
Investments	31,747,291
Cash on hand	<u>2,007</u>
Total	<u>\$ 50,603,481</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 39,501,122
Business-type activities	1,135,995
Agency funds	<u>9,966,364</u>
Total	<u>\$ 50,603,481</u>

**NOTE 5 – INTERFUND TRANSACTIONS**

- A. Short-term interfund loans receivable/payable consisted of the following at December 31, 2017, as reported on the fund financial statements:

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Receivable fund	Payable funds	Amount
General	<i>Nonmajor governmental funds:</i>	
	Community corrections	\$ 10,200
	Wolf Creek ditch project	36,800
	<i>Nonmajor governmental fund:</i>	
Seneca County Opportunity Center	Capital facilities note retirement	624,000
	Total short-term interfund loans payable/receivable	\$ 671,000

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 short-term interfund loans receivable balances in the General fund resulted from advances made to provide working capital for operations and other projects. All advances 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.

- B.** Amounts due to/from other funds consisted of the following at December 31, 2017, as reported on the fund financial statements:

Due to other funds (payable):	Due from other funds (receivable) General
Maintenance and repair	\$ 2
Nonmajor governmental funds	51,328
County sewer district	522
Total	\$ 51,852

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.

- C.** 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, 2017, consisted of the following, as reported on the fund financial statements:

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Transfer to:	Transfer from:		
	General	Nonmajor Governmental	Total
General	\$ -	\$ 899	\$ 899
Public assistance	135,027	-	135,027
Joint justice center construction	-	35,000	35,000
Nonmajor governmental funds	2,660,186	-	2,660,186
EMS	330,000	-	330,000
Total	\$ 3,125,213	\$ 35,899	\$ 3,161,112

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.

**NOTE 6 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. 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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 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, 2017 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 2017 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, 2017 was \$10.60 per \$1,000 of assessed value. \$1.90 per \$1,000 of assessed value is levied for the general operations, while the remaining \$8.70 is levied for the Seneca County Opportunity Center.

The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

**SENECA COUNTY**

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Real Property	\$ 1,100,571,050	92.42 %
Public Utility Personal Property	<u>90,322,090</u>	<u>7.58 %</u>
Total Assessed Value	<u>\$ 1,190,893,140</u>	<u>100.00 %</u>

**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 2017. 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, 2017 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 collectability. 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 \$122,659, of which \$113,536 is expected to be collected in more than one year.

A summary of the principal items of intergovernmental receivables follows:

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<i>Fund Type/Fund</i>	<i>Description</i>	<i>Amount</i>
<b>Major Funds</b>		
<b>General Fund</b>	Local Government	\$ 354,448
	Homestead and Rollback	129,651
	Jail Housing	134,498
	Casino revenue	329,869
	Defense of Indigents	<u>17,006</u>
	<i>Total General Fund</i>	<u>965,472</u>
<b>Maintenance and Repair</b>	Motor Vehicle License	982,172
	Gasoline Tax	<u>1,044,385</u>
	<i>Total Maintenance and Repair</i>	<u>2,026,557</u>
<b>Seneca County Opportunity Center</b>	Homestead and rollback	249,913
	Title XIX	128,533
	National school lunch	<u>867</u>
	<i>Total Seneca County Opportunity Center</i>	<u>379,313</u>
<b>Nonmajor Governmental Funds</b>		
Victims of crime act	Grant	22,395
Child services	Grant	<u>101,898</u>
	<i>Total Nonmajor Governmental Funds</i>	<u>124,293</u>
<b>Total</b>		<u><u>\$ 3,495,635</u></u>

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017:

<b>Governmental Activities:</b>	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
<i>Non-depreciable Capital Assets</i>				
Land and Improvements	\$ 21,142,857	\$ -	\$ -	\$ 21,142,857
Construction in Progress	2,237,913	11,398,688	(967,948)	12,668,653
Total Non-depreciable Capital Assets	<u>23,380,770</u>	<u>11,398,688</u>	<u>(967,948)</u>	<u>33,811,510</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	437,986	153,070	-	591,056
Buildings and Improvements	31,722,959	1,165,038	-	32,887,997
Machinery and Equipment	12,613,692	1,112,310	(745,668)	12,980,334
Infrastructure	51,610,874	1,984,976	(1,486,779)	52,109,071
Total Depreciable Capital Assets	<u>96,385,511</u>	<u>4,415,394</u>	<u>(2,232,447)</u>	<u>98,568,458</u>
Less: Accumulated Depreciation:				
Land Improvements	(107,228)	(30,899)	-	(138,127)
Buildings and Building Improvements	(17,771,019)	(850,066)	-	(18,621,085)
Machinery and Equipment	(10,596,922)	(630,708)	603,954	(10,623,676)
Infrastructure	(18,246,920)	(2,093,431)	1,211,715	(19,128,636)
Total Accumulated Depreciation	<u>(46,722,089)</u>	<u>(3,605,104)</u>	<u>1,815,669</u>	<u>(48,511,524)</u>
Total Depreciable Capital Assets, Net	<u>49,663,422</u>	<u>810,290</u>	<u>(416,778)</u>	<u>50,056,934</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 73,044,192</u>	<u>\$ 12,208,978</u>	<u>\$ (1,384,726)</u>	<u>\$ 83,868,444</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities:</u>	
General government:	
Legislative and executive	\$ 927,702
Judicial	41,653
Public safety	137,364
Public works	2,373,259
Health	50,545
Human services	54,050
Conservation and recreation	20,531
Total Depreciation Expense	<u>\$ 3,605,104</u>

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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<b>Business-type Activities:</b>	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
<i>Non-depreciable Capital Assets</i>				
Land and Improvements	\$ 26,243	\$ -	\$ -	\$ 26,243
	26,243	-	-	26,243
<i>Depreciable Capital Assets</i>				
Buildings and Improvements	218,465	-	-	218,465
Machinery and Equipment	1,474,156	136,157	(110,764)	1,499,549
Infrastructure	6,708,356	-	-	6,708,356
Total Depreciable Capital Assets	8,400,977	136,157	(110,764)	8,426,370
Less: Accumulated Depreciation:				
Buildings and Improvements	(150,393)	(6,383)	-	(156,776)
Machinery and Equipment	(756,539)	(185,116)	110,764	(830,891)
Infrastructure	(1,145,878)	(169,211)	-	(1,315,089)
Total Accumulated Depreciation	(2,052,810)	(360,710)	110,764	(2,302,756)
<i>Total Depreciable Capital Assets, Net</i>	6,348,167	(224,553)	-	6,123,614
Business-Type Activities Capital Assets, Net	\$ 6,374,410	\$ (224,553)	\$ -	\$ 6,149,857

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

<u>Business-Type Activities:</u>	
EMS enterprise	\$ 181,259
County Sewer District enterprise	179,451
Total Depreciation Expense	\$ 360,710

**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 2017 totaled \$3,483 and were paid by the General fund. As of December 31, 2017, the liability for capital lease obligation included in the long-term liabilities of governmental activities totaled \$8,524.

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, 2017:

Year Ended December 31,	Amount
2018	\$ 3,233
2019	3,233
2020	2,694
Total	9,160
Less: amount representing interest	(636)
Present value of net minimum lease payments	\$ 8,524

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 – LONG-TERM OBLIGATIONS**

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	Outstanding 12/31/16	Additions	Deductions	Outstanding 12/31/17	Amount Due Within One Year
<b><i>Governmental Activities</i></b>					
Special Obligation Bonds	\$ 8,905,000	\$ -	\$ (250,000)	\$ 8,655,000	\$ 260,000
General Obligation Bonds	1,680,000	-	(510,000)	1,170,000	530,000
Joint Justice Center Loan	-	450,000	-	450,000	-
Compensated Absences	1,481,399	63,835	(121,300)	1,423,934	287,080
OWDA On-Lot Septic Loan	34,544	-	(5,316)	29,228	5,314
Net Pension Liability	22,724,502	6,260,019	(351,985)	28,632,536	-
Capital Lease Payable	11,505	-	(2,981)	8,524	2,872
Governmental Activities	<u>\$ 34,836,950</u>	<u>\$ 6,773,854</u>	<u>\$ (1,241,582)</u>	40,369,222	<u>\$ 1,085,266</u>
		Add: Unamortized Premium on Bond Issue:		454,771	
				<u>\$ 40,823,993</u>	
<b><i>Business-type Activities</i></b>					
Sewer District Improvement					
Revenue Bonds	\$ 2,980,652	\$ -	\$ (53,000)	\$ 2,927,652	\$ 54,000
Compensated Absences	2,604	5,267	-	7,871	-
Net Pension Liability	284,370	198,211	-	482,581	-
OPWC Sewer Project Loan	5,820	-	(687)	5,133	684
Business-type Activities	<u>\$ 3,273,446</u>	<u>\$ 203,478</u>	<u>\$ (53,687)</u>	<u>\$ 3,423,237</u>	<u>\$ 54,684</u>

***Special Obligation Bonds***

On July 7, 2016, the County issued \$8,905,000 in series 2016 special obligation sales tax supported bonds to provide funds to pay part of the County's portion of the costs of the Joint Justice Center Project.

The series 2016 special obligation sales tax supported bonds are comprised of \$8,655,000 in serial bonds. The interest rate on the current interest bonds range from 2% to 4%. The bonds were issued for a twenty-six year period, with a final stated maturity date of December 1, 2041. The bonds will be retired through the county sales tax bond retirement fund (a nonmajor governmental fund).

***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, 2017, the County had \$1,170,000 in general obligation bonds outstanding. The general obligation refunding bonds are paid from the bond retirement fund (a nonmajor governmental fund) by money received

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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, 2017, the amount of defeased debt amounted to \$1,170,000.

***Joint Justice Center Loan***

On January 26, 2015 the County entered into an interest free loan agreement with North Central Ohio Education Service Center for up to \$500,000. As of December 31, 2017, County has received loan proceeds of \$450,000. Payments will be paid in quarterly payments of \$12,500, until paid in full, immediately following a 12-month grace period after the date of the final disbursement. As of December 31, 2017, the final disbursement has not been received and a future amortization schedule has not been completed. The loan will be paid from the General fund.

***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 2017 required 90.34% of net revenues and 27.09% of total revenues. The total principal and interest remaining to be paid on the bonds is \$4,521,201. Principal and interest paid for the current year was \$134,967, total net revenues were \$149,405 and total revenues were \$498,267.

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.

***OWDA Loan***

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.

***OPWC Loan***

The County has a loan from the Ohio Public Works Commission (OPWC) for the Honey Creek Sewer Separation Project which 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 OPWC loan is an interest free loan.

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

**Net Pension Liability** - See Note 14 for details.

**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, Maintenance and Repair, Public Assistance, Seneca County Opportunity Center and the following nonmajor governmental funds: Real Estate Assessment, Ditch Maintenance, CSEA, DRETAC, Dog and Kennel, 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 \$27,833,101 at December 31, 2017 and the unvoted legal debt margin was \$11,469,703 at December 31, 2017.

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
2018	\$ 530,000	\$ 44,580	\$ 574,580	\$ 5,314	\$ -	\$ 5,314
2019	115,000	26,560	141,560	5,314	-	5,314
2020	125,000	21,788	146,788	5,314	-	5,314
2021	130,000	16,600	146,600	5,314	-	5,314
2022	135,000	11,205	146,205	5,315	-	5,315
2023	135,000	5,603	140,603	2,657	-	2,657
Total	<u>\$ 1,170,000</u>	<u>\$ 126,336</u>	<u>\$ 1,296,336</u>	<u>\$ 29,228</u>	<u>\$ -</u>	<u>\$ 29,228</u>

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Year Ended	Special Obligation Bonds		
	Principal	Interest	Total
2018	\$ 260,000	\$ 273,750	\$ 533,750
2019	265,000	268,550	533,550
2020	270,000	263,250	533,250
2021	275,000	257,850	532,850
2022	280,000	252,350	532,350
2023 - 2027	1,510,000	1,148,825	2,658,825
2028 - 2032	1,750,000	910,950	2,660,950
2033 - 2037	2,080,000	574,000	2,654,000
2038 - 2041	1,965,000	154,500	2,119,500
Total	<u>\$ 8,655,000</u>	<u>\$ 4,104,025</u>	<u>\$ 12,759,025</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
2018	\$ 684	\$ -	\$ 684	\$ 54,000	\$ 80,510	\$ 134,510
2019	684	-	684	56,000	79,025	135,025
2020	685	-	685	57,000	77,486	134,486
2021	684	-	684	59,000	75,917	134,917
2022	685	-	685	62,000	74,295	136,295
2023 - 2027	1,711	-	1,711	327,000	345,434	672,434
2028 - 2032	-	-	-	375,000	297,967	672,967
2033 - 2037	-	-	-	431,000	243,327	674,327
2038 - 2042	-	-	-	492,000	180,818	672,818
2043 - 2047	-	-	-	564,000	109,375	673,375
2048 - 2051	-	-	-	450,652	29,395	480,047
Total	<u>\$ 5,133</u>	<u>\$ -</u>	<u>\$ 5,133</u>	<u>\$ 2,927,652</u>	<u>\$ 1,593,549</u>	<u>\$ 4,521,201</u>

**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 \$151,970,284, which includes builders risk coverage.

**SENECA COUNTY**

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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.....	\$2,500,000
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. There has been no significant reduction in insurance coverage from last year.

**B. Worker's Compensation**

The County participates in the County Commissioners Association of Ohio Workers' Compensation Group Retrospective 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.

**C. Natural Gas**

The County Commissioners Association of Ohio Service Corporation (CCAOSC) partnered with the Palmer Energy Company to help manage a natural gas program for member counties. The program was designed specifically to help counties save money on their natural gas bill by utilizing the strength of group buying. By grouping together, counties leverage their buying power when shopping the market, thus securing the best price possible. The independent energy professionals of the Palmer Energy Company, on behalf of the CCAOSC, obtain the best price for natural gas from various reputable suppliers through the RFP process. Advisory committee meetings are held for oversight purposes regarding the natural gas program. Presently there are over 54 counties participating. Those counties are collectively saving millions of dollars in the program.

**NOTE 13 – 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

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

without limit. Accumulated, unused sick leave is paid at varying rates depending on length of service to employees who retire.

#### **NOTE 14 – DEFINED BENEFIT PENSION PLANS**

##### ***Net Pension Liability/Asset***

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

##### ***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - County employees, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0 %	1.0 %	1.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,287,273 for 2017. Of this amount, \$57,603 is reported as intergovernmental payable.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

#### ***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – County licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the year ending December 31, 2017, plan members were required to contribute 14% of their annual covered salary. The County was required to contribute

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14%; the entire 14% was the portion used to fund pension obligations. The 2017 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$78,659 for 2017.

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.12932300%	0.11037000%	0.07156900%	0.00460020%	
Proportion of the net pension liability/asset current measurement date	<u>0.12927400%</u>	<u>0.11115900%</u>	<u>0.06528400%</u>	<u>0.00500034%</u>	
Change in proportionate share	<u>-0.00004900%</u>	<u>0.00078900%</u>	<u>-0.00628500%</u>	<u>0.00040014%</u>	
Proportionate share of the net pension liability	\$ 27,927,276	\$ -	\$ -	\$ 1,187,841	\$ 29,115,117
Proportionate share of the net pension asset	-	(58,857)	(259)	-	(59,116)
Pension expense	5,978,739	42,522	319	(479,792)	5,541,788

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 37,853	\$ -	\$ 2,635	\$ 45,870	\$ 86,358
Net difference between projected and actual earnings on pension plan investments	4,159,017	14,361	221	-	4,173,599
Changes of assumptions	4,429,603	14,344	291	259,795	4,704,033
Changes in employer's proportionate percentage/ difference between employer contributions	69,492	-	-	121,192	190,684
County contributions subsequent to the measurement date	2,186,428	59,694	41,151	38,663	2,325,936
Total deferred outflows of resources	<u>\$ 10,882,393</u>	<u>\$ 88,399</u>	<u>\$ 44,298</u>	<u>\$ 465,520</u>	<u>\$ 11,480,610</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 166,210	\$ 30,101	\$ -	\$ 9,574	\$ 205,885
Net difference between projected and actual earnings on pension plan investments	-	-	-	39,201	39,201
Changes in employer's proportionate percentage/ difference between employer contributions	103,058	-	-	44,912	147,970
Total deferred outflows of resources	<u>\$ 269,268</u>	<u>\$ 30,101</u>	<u>\$ -</u>	<u>\$ 93,687</u>	<u>\$ 393,056</u>

\$2,325,936 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
2018	\$ 3,484,089	\$ 2,789	\$ 461	\$ 74,320	\$ 3,561,659
2019	3,588,579	2,789	460	127,643	3,719,471
2020	1,475,939	2,168	446	85,688	1,564,241
2021	(121,910)	(2,919)	363	45,519	(78,947)
2022	-	(2,383)	375	-	(2,008)
Thereafter	-	(3,840)	1,042	-	(2,798)
<b>Total</b>	<b>\$ 8,426,697</b>	<b>\$ (1,396)</b>	<b>\$ 3,147</b>	<b>\$ 333,170</b>	<b>\$ 8,761,618</b>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the County's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the County's proportionate share of

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the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 42,665,153	\$ 27,927,276	\$ 15,645,857
Combined Plan	4,230	(58,857)	(107,864)
Member-Directed Plan	621	(259)	(621)

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	2.50% at age 65 to 12.50% at age 20
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016; and post-retirement disabled mortality rates are based on RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. The 2016 year mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022–Scale AA) for Males and Females. Males’ ages were set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 were set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study, effective July 1, 2017. As a result of the experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the COLA was reduced to zero, (b) inflation assumptions were lowered from 2.75% to 2.50%, (c) Investment return assumptions were lowered from 7.75% to 7.45%, (d) total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (e) payroll growth assumptions were lowered to 3.00%, (f) updated the health and disability mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016 and (g) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

\* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicated that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. A discount rate of 7.75% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 % was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$ 1,702,730	\$ 1,187,841	\$ 754,125

**NOTE 15 – POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment healthcare plan was established under, and is administered 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 2017, local government employers contributed 14.00% of covered payroll. 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 and Combined Plan for 2017 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, 2017, 2016, and 2015 were \$193,853, \$336,197, and \$296,476, respectively; 97.78% has been contributed for 2017 and 100% has been contributed for 2016 and 2015. The remaining 2017 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 4.00% of the employer contributions toward the health care fund after the end of the transition period.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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

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

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 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The County did not make any contributions for health care for the fiscal years ended December 31, 2017, 2016 and 2015.

#### **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, public assistance 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).

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:

**SENECA COUNTY**

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**Net Change in Fund Balance**

	<u>General Fund</u>	<u>Maintenance and Repair Fund</u>	<u>Public Assistance</u>	<u>Seneca County Opportunity Center</u>
Budget basis	\$ (1,211,185)	\$ 420,329	\$ (474,726)	\$ 1,476,358
Net adjustment for revenue accruals	(77,396)	(13,117)	(35,430)	(26,504)
Net adjustment for expenditure accruals	123,598	(48,433)	82,682	123,495
Net adjustment for other sources/uses	(147,823)	-	-	-
Funds budgeted elsewhere	469,167	-	-	-
Adjustment for encumbrances	<u>1,019,154</u>	<u>185,170</u>	<u>258,928</u>	<u>855,884</u>
GAAP basis	<u>\$ 175,515</u>	<u>\$ 543,949</u>	<u>\$ (168,546)</u>	<u>\$ 2,429,233</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, 2017, 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, 2017, an estimated \$582,702,527 in revenue bond obligations were outstanding.

**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

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

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, 2017.

#### **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, 2017 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, 2017.

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	Joint Venture	County Share
Total Assets	\$ 4,918,332	\$ 1,639,444
Total Liabilities	(587,655)	(195,885)
Net Position	\$ 4,330,677	\$ 1,443,559
Revenues	\$ 313,245	\$ 104,415
Expenses	(215,027)	(71,676)
Increase in Net Position	\$ 98,218	\$ 32,739

**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 35.62 percent. Summary financial information as of, and for the fiscal year ended December 31, 2017 is presented below:

	Joint Venture	County Share		Population	Equity Percent
Beginning Net Position	\$ 3,229,549	\$ 1,150,327	Ottawa	40,657	26.21%
			Sandusky	59,195	38.17%
Revenues	1,303,020	464,120	Seneca	55,243	35.62%
Expenses	(1,589,781)	(566,261)	Total	155,095	100.00%
Ending Net Position	\$ 2,942,788	\$ 1,048,186			

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.

**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. Seneca County's share of the total is approximately 40.48 percent.

Summary financial information as of, and for the year ended December 31, 2017 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, 2017.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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	<u>Joint Venture</u>	<u>County Share</u>		<u>Population</u>	<u>Equity Percent</u>
Beginning Net Position	\$ 4,314,321	\$ 1,746,474	Sandusky	59,195	43.38%
			Seneca	55,243	40.48%
Revenues	4,992,475	2,020,996	Wyandot	22,029	16.14%
Expenses	<u>(4,345,813)</u>	<u>(1,759,222)</u>	Total	<u>136,467</u>	<u>100.00%</u>
Ending Net Position	<u>\$ 4,960,983</u>	<u>\$ 2,008,248</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, Crawford 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, 2017 is presented below. Further financial information can be found in the Northland Homes and Properties, Inc. financial report as of December 31, 2017.

	<u>Joint Venture</u>	<u>County Share</u>
Total Assets	\$ 2,609,738	\$ 869,912
Total Liabilities	<u>(784,855)</u>	<u>(261,618)</u>
Net Position	<u>\$ 1,824,883</u>	<u>\$ 608,294</u>
Revenues	\$ 41,298	\$ 13,766
Expenses	<u>(26,684)</u>	<u>(8,895)</u>
Increase in Net Position	<u>\$ 14,614</u>	<u>\$ 4,871</u>

**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-Ads 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, 2017. Further financial information can be

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seen in the Seneca Re-Ad Industries, Inc. Financial Report as of June 30, 2017 available from Reichert and Associates, CPA's, 206 West Hardin Street, Findlay, Ohio 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.

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

	Fair Value		Fair Value
PNC Bank	\$ 476,803	Superior Credit Union	\$ 36,825
Croghan Colonial Bank	4,382	Republic Bank	75,605
First Bank	47,627	First National Bank	138,696
Fifth Third CD	47,426	Huntington Bank	87,166
Old Fort Bank CD	68,689	Petty Cash Funds	450
		<i>Total Cash and Short-Term Investments</i>	<b>\$ 983,669</b>

FDIC Insurance insures all funds up to \$250,000 for each non-interest and interest bearing bank account. At fiscal year end 2017, \$110,533 was uninsured and susceptible to credit risk.

- C. Capital Assets** - A summary of changes in capital assets by class during the fiscal year ended June 30, 2017 are as follows:

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	Balance at 6/30/2016	Additions	Deletions	Balance at 6/30/2017
Land	\$ 2,945	\$ -	\$ -	\$ 2,945
Building	130,590	-	-	130,590
Furniture and Fixtures	83,634	-	(30,181)	53,453
Machinery and Equipment	393,789	-	(9,388)	384,401
Vehicles	<u>103,896</u>	<u>-</u>	<u>-</u>	<u>103,896</u>
<i>Subtotal</i>	714,854	-	(39,569)	675,285
Accumulated Depreciation	<u>(573,589)</u>	<u>17,668</u>	<u>-</u>	<u>(555,921)</u>
<i>Net Capital Assets</i>	<u>\$ 141,265</u>	<u>\$ 17,668</u>	<u>\$ (39,569)</u>	<u>\$ 119,364</u>

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). The entity's Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years ending 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they are filed.
- 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.
- 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 \$717,664.
- G. Accrued Vacation**- A liability for accrued vacation for \$16,180 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.
- H. Significant Concentration of Business with Customer** - For fiscal year 2017, Roppe Rubber provided 81% of the revenue and services to Seneca Re-Ad. The volume of business, if canceled, would have a severe impact on the production operations of Seneca Re-Ad. However, management would still carry on mental health programs regardless of services it could lose until new customers were secured. Management is unsure of the risk of Roppe Rubber canceling during the next year or thereafter; however, services have remained about the same during the last three fiscal years.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

#### **NOTE 22 – SENECA COUNTY LAND REUTILIZATION CORPORATION - COMPONENT UNIT**

The constitution and laws of the State of Ohio establish the rights and privileges of Seneca County Land Reutilization Corporation, Seneca County, Ohio (the Corporation) as a body corporate and policial. The Corporation was organized as a non-for-profit community improvement corporation by the Board of the County Commissioners of Seneca County November 19, 2015, under the authority granted under Chapter 1724 of the Ohio Revised Code. The Corporation's purpose is to promote and facilitate the relamation, rehabilitation and reutilization of vacant, abandoned, tax foreclosed or other real property in Seneca County. By strategically acquiring properties and returning them to productive use, the Corporation works to reduce blight, increase property values, strengthen neighborhoods, and improve the quality of life for all Seneca County residents.

The Corporation's governing board is a Five member Board of Directors (the Board) consisting of the County Treasurer, two members of the Board of County Commissioners of Seneca County, a representative of the largest municipality in Seneca County, a representative of the second largest municipality.

The Corporation is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organization Are Component Units" and GASB Statement No.61, "The Financial Reporting Entity: Omnibus", the Corporation's primary government and basic financial statements include components units which are defined as legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; or (3) the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Corporation is obligated for the debt of organization. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable. The Corporation is a component unit of Seneca County, Ohio.

#### **A. Accounting Basis**

Although required by Ohio Revised Code 1724.05 to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the Corporation chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the Corporation's financial statements.

#### **B. Fund Accounting**

The Corporation uses two funds and classifies them as the General fund and the Neighborhood Initiative Program (NIP) fund. The NIP fund represents reimbursements and expenditures related to the program.

## SENECA COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

#### C. Fund Balance

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

*Nonspendable Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

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

*Committed Fund Balance* - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation’s Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove 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 Fund Balance* - Assigned fund balance includes amounts that are constrained by the Corporation’s intent to be used for specific purposes, but are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by policies of the Board of Directors. The Board of Directors has by resolution authorized the Treasurer to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

*Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the General fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General fund.

The Corporation 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.

#### D. Property, Plant and Equipment

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

#### E. Equity in Pooled Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2017 was \$42,743. Deposits are fully insured by the FDIC.

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

**F. Risk Management**

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation obtained commercial insurance covering comprehensive property and general liability risks.

**G. Outstanding Debt**

The Corporation has no outstanding lines of credit as of December 31, 2017.

**NOTE 23 – RELATED PARTY TRANSACTIONS**

For the year ended December 31, 2017 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
Seneca County Regional Planning Commission	Assessment	<u>84,645</u>
Total		<u>\$ 94,645</u>

**NOTE 24 – JOINT USE, MANAGEMENT AND LEASE AGREEMENT**

On September 22, 2015, the County entered into an agreement with the City of Tiffin in which both parties agreed to provide financing, construction and improvements for the Joint Justice Center. The County is responsible for 75% of the annual operating costs and the City of Tiffin is responsible for the remaining 25%. Each party is also must contribute monies for capital costs of improvements to the Joint Justice Center, the Justice Center Site and replacing or improving furniture, furnishings and equipment. The County is responsible for contributing \$30,000 and the City is responsible for contributing \$10,000. Those contributions increase by three percent each fiscal year.

**NOTE 25 – 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.

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

**SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

Fund balance	General	Maintenance and Repair	Public Assistance	Seneca County Opportunity Center	Joint Justice Center Construction	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ 56,177	\$ 387,363	\$ -	\$ 15,492	\$ -	\$ 3,887	\$ 462,919
Prepayments	218,227	12,901	37,120	68,012	-	26,493	362,753
Unclaimed monies	180,880	-	-	-	-	-	180,880
<b>Total nonspendable</b>	<b>455,284</b>	<b>400,264</b>	<b>37,120</b>	<b>83,504</b>	<b>-</b>	<b>30,380</b>	<b>1,006,552</b>
Restricted:							
Capital projects	-	-	-	-	2,089,491	33,544	2,123,035
Grants and specific programs	-	-	55,628	-	-	3,362,180	3,417,808
SCOC programs	-	-	-	8,718,471	-	-	8,718,471
Human services programs	-	-	-	-	-	1,826,678	1,826,678
Roads and bridges	-	15,150,587	-	-	-	-	15,150,587
Community and economic development	-	-	-	-	-	277,319	277,319
Public safety	-	-	-	-	-	950	950
<b>Total restricted</b>	<b>-</b>	<b>15,150,587</b>	<b>55,628</b>	<b>8,718,471</b>	<b>2,089,491</b>	<b>5,500,671</b>	<b>31,514,848</b>
Committed:							
Underground storage tank	11,855	-	-	-	-	-	11,855
<b>Total committed</b>	<b>11,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,855</b>
Assigned:							
Debt service	-	-	-	-	-	486,701	486,701
Capital projects	-	-	-	-	-	1,548,894	1,548,894
Grants and specific programs	12,462	-	-	-	-	-	12,462
General government	1,583,237	-	-	-	-	-	1,583,237
Public safety	45,874	-	-	-	-	-	45,874
Conservation and recreation	5,529	-	-	-	-	-	5,529
Health	283	-	-	-	-	-	283
Human services	99,914	-	-	-	-	-	99,914
Employee benefits	397,408	-	-	-	-	-	397,408
Public works	471	-	-	-	-	-	471
<b>Total assigned</b>	<b>2,145,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,035,595</b>	<b>4,180,773</b>
Unassigned (deficit)	4,496,511	-	-	-	-	(23,597)	4,472,914
<b>Total fund balances</b>	<b>\$ 7,108,828</b>	<b>\$ 15,550,851</b>	<b>\$ 92,748</b>	<b>\$ 8,801,975</b>	<b>\$ 2,089,491</b>	<b>\$ 7,543,049</b>	<b>\$ 41,186,942</b>

**NOTE 26 – 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:

**SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

Fund	Encumbrances
General fund	\$ 789,036
Maintenance and Repair fund	151,198
Public Assistance fund	172,504
Seneca County Opportunity Center fund	726,463
Joint Justice Center Construction fund	2,556,045
Nonmajor governmental funds	986,308
Total	<u>\$ 5,381,554</u>

**NOTE 27 – TAX ABATEMENTS**

As of December 31, 2017, the County provides tax abatements through two programs—Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the Agreement) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The County has entered into Economic Zone (EZ) tax abatement agreements for the abatement of real property taxes with the City of Tiffin and the City of Fostoria. The total value of the County's share of taxes abated from EZ and CRA programs in 2017 was \$181 and \$14,776, respectively.

**NOTE 28 – SUBSEQUENT EVENT**

On May 17, 2018, the County entered into an agreement with the City of Tiffin and City of Fostoria for the reimbursement of services associated with the current contract with the County and Inspiron Logistics, Wireless Emergency Notification System for a period of three years, beginning June 1, 2018 thru May 30, 2021.

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**SENECA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.129274%	0.129323%	0.127219%	0.127219%
County's proportionate share of the net pension liability	\$ 27,927,276	\$ 21,469,046	\$ 14,684,663	\$ 14,352,986
County's covered payroll	\$ 16,321,667	\$ 14,434,208	\$ 15,229,083	\$ 16,090,392
County's proportionate share of the net pension liability as a percentage of its covered payroll	171.11%	148.74%	96.43%	89.20%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.111159%	0.110370%	0.116450%	0.110645%
County's proportionate share of the net pension asset	\$ 58,857	\$ 51,463	\$ 40,770	\$ 11,111
County's covered payroll	\$ 432,683	\$ 389,575	\$ 404,450	\$ 346,754
County's proportionate share of the net pension asset as a percentage of its covered payroll	13.60%	13.21%	10.08%	3.20%
Plan fiduciary net position as a percentage of the total pension asset	116.55%	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.065284%	0.071569%	n/a	n/a
County's proportionate share of the net pension asset	\$ 259	\$ 274	n/a	n/a
County's covered payroll	\$ 268,300	\$ 394,092	n/a	n/a
County's proportionate share of the net pension asset as a percentage of its covered payroll	0.10%	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**SENECA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.00500034%	0.00460020%	0.00488843%	0.00471146%
County's proportionate share of the net pension liability	\$ 1,187,841	\$ 1,539,826	\$ 1,351,019	\$ 1,145,990
County's covered payroll	\$ 561,850	\$ 564,600	\$ 553,757	\$ 555,685
County's proportionate share of the net pension liability as a percentage of its covered payroll	211.42%	272.73%	243.97%	206.23%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**SENECA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,186,428	\$ 1,958,600	\$ 1,732,105	\$ 1,827,490
Contributions in relation to the contractually required contribution	<u>(2,186,428)</u>	<u>(1,958,600)</u>	<u>(1,732,105)</u>	<u>(1,827,490)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 16,818,677	\$ 16,321,667	\$ 14,434,208	\$ 15,229,083
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
 <i>Combined Plan:</i>				
Contractually required contribution	\$ 59,694	\$ 51,922	\$ 46,749	\$ 48,534
Contributions in relation to the contractually required contribution	<u>(59,694)</u>	<u>(51,922)</u>	<u>(46,749)</u>	<u>(48,534)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 459,185	\$ 432,683	\$ 389,575	\$ 404,450
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 41,151	\$ 32,196	\$ 47,291	
Contributions in relation to the contractually required contribution	<u>(41,151)</u>	<u>(32,196)</u>	<u>(47,291)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 411,510	\$ 268,300	\$ 394,092	
Contributions as a percentage of covered payroll	10.00%	12.00%	12.00%	

Note: Information prior to 2010 not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,091,751	\$ 1,624,062	\$ 1,683,932	\$ 1,571,134
<u>(2,091,751)</u>	<u>(1,624,062)</u>	<u>(1,683,932)</u>	<u>(1,571,134)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,090,392	\$ 16,240,620	\$ 16,839,320	\$ 17,620,194
13.00%	10.00%	10.00%	8.92%
\$ 45,078	\$ 22,098	\$ 20,450	\$ 25,508
<u>(45,078)</u>	<u>(22,098)</u>	<u>(20,450)</u>	<u>(25,508)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 346,754	\$ 277,962	\$ 257,233	\$ 263,331
13.00%	7.95%	7.95%	9.69%

**SENECA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 78,659	\$ 79,044	\$ 77,526	\$ 72,239
Contributions in relation to the contractually required contribution	<u>(78,659)</u>	<u>(79,044)</u>	<u>(77,526)</u>	<u>(72,239)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 561,850	\$ 564,600	\$ 553,757	\$ 555,685
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 67,434	\$ 66,845	\$ 74,025	\$ 72,698	\$ 76,686	\$ 81,975
<u>(67,434)</u>	<u>(66,845)</u>	<u>(74,025)</u>	<u>(72,698)</u>	<u>(76,686)</u>	<u>(81,975)</u>
<u>\$ -</u>					
\$ 518,723	\$ 514,192	\$ 569,423	\$ 559,215	\$ 589,892	\$ 630,577
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**SENECA COUNTY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2017.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

***STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO***

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2016. For 2017, the Cost of Living Adjustment (COLA) was reduced to 0% effective July 1, 2017.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the COLA was reduced to zero, (b) inflation assumptions were lowered from 2.75% to 2.50%, (c) Investment return assumptions were lowered from 7.75% to 7.45%, (d) total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (e) payroll growth assumptions were lowered to 3.00%, (f) updated the health and disability mortality assumption to the "RP-2014" mortality tables with generational improvement scale MP-2016 and (g) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

SENECA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Job and Family Services</i>				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5578 / G-1819-11-5804		\$ 329,375
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
National School Lunch Program				
NonCash Assistance (Food Distribution)	10.555	IRN066241		10,730
Cash Assistance	10.555	IRN066241		2,598
NonCash Assistance (Food Distribution)	10.555	IRN093286		16,428
Cash Assistance	10.555	IRN093286		524
Total CFDA #10.555				<u>30,280</u>
School Breakfast Program	10.553	IRN093286		<u>8,826</u>
Total Child Nutrition Cluster				<u>39,106</u>
Total U.S. Department of Agriculture				<u>368,481</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed Through the Ohio Attorney General</i>				
Crime Victim Assistance	16.575	2017-VOCA-43555681		157,697
Crime Victim Assistance	16.575	2017-SVAA-43555686		4,290
Crime Victim Assistance	16.575	2018-VOCA-109844068		44,294
Crime Victim Assistance	16.575	2018-SVAA-109844073		1,737
Total U.S. Department of Justice				<u>208,018</u>
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed Through Montgomery County Workforce Investment Act (WIA) Area 7</i>				
WIOA Cluster				
WIA/WIOA Adult Programs	17.258	N/A		66,785
WIA/WIOA Youth Activities	17.259	2016-7174-1	\$ 96,271	96,271
WIA/WIOA Dislocated Worker Formula Grants	17.278	N/A		94,051
Total WIOA Cluster			<u>96,271</u>	<u>257,107</u>
Employment Services Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A		981
Total U.S. Department of Labor			<u>96,271</u>	<u>258,088</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Direct</i>				
Airport Improvement Program	20.106	3-39-0076-011-2015		9,379
<i>Passed Through Ohio Department of Public Safety</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	STEP-2017-74-00-00-00553-00		9,007
State and Community Highway Safety	20.600	IDEP/STEP-2018-0-00085		3,030
Total CFDA # 20.600				<u>12,037</u>
National Priority Safety Programs	20.616	IDEP-2017-74-00-00-00419-00		10,332
Total Highway Safety Cluster				<u>22,369</u>
Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	IDEP/STEP-2018-0-00085		4,804
Total U.S. Department of Transportation				<u>36,552</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1617-11-5578 / G-1819-11-5804		29,497
TANF Cluster				
Temporary Assistance for Needy Families	93.558	G-1617-11-5578 / G-1819-11-5804	291,712	1,593,599
Child Support Enforcement	93.563	G-1617-11-5578 / G-1819-11-5804		791,618
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-1617-11-5578 / G-1819-11-5804		43,610
Grants to States for Access and Visitation Programs	93.597	G-1617-11-5578 / G-1819-11-5804		77,869
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5578 / G-1819-11-5804		74,680
Foster Care Title IV-E	93.658	G-1617-11-5578 / G-1819-11-5804		39,883
Adoption Assistance	93.659	G-1617-11-5578 / G-1819-11-5804		139,414

SENECA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures (Continued)
<b>Passed Through Ohio Department of Job and Family Services</b>				
Social Services Block Grant	93.667	G-1617-11-5578 / G-1819-11-5804		772,180
<b>Passed Through Ohio Department of Developmental Disabilities</b>				
Social Services Block Grant	93.667	7010HS0SR		39,246
Total CFDA # 93.667				<u>811,426</u>
<b>Passed Through Ohio Department of Job and Family Services</b>				
Medicaid Cluster				
Medical Assistance Program	93.778	G-1617-11-5578 / G-1819-11-5804		535,169
<b>Passed Through Ohio Department of Developmental Disabilities</b>				
Medical Assistance Program	93.778	17050H5ADM		191,659
Medical Assistance Program	93.778	18050H5ADM		66,750
Total Medicaid Cluster				<u>793,578</u>
Total U.S. Department of Health and Human Services			<u>291,712</u>	<u>4,395,174</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<b>Passed Through Ohio Emergency Management Agency</b>				
Emergency Management Performance Grant	97.042	EMC-2016-EP-00003-S01		31,305
Emergency Management Performance Grant	97.042	EMC-2017-EP-00006-S01		29,815
Total U.S. Department of Homeland Security				<u>61,120</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed Through Ohio Department of Education</b>				
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	N/A		33,214
Total U.S. Department of Education				<u>33,214</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 387,983</u></b>	<b><u>\$ 5,360,647</u></b>

The accompanying notes are an integral part of this schedule

**SENECA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Seneca County, Ohio (the County's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – SUBRECIPIENTS**

The County passes certain federal awards received from Workforce Investment Act, Area 7 and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B 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.

**NOTE D – 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 E – FOOD DONATION PROGRAM**

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

**NOTE F – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE**

The current cash balance on the County's CDBG local program income account as of December 31, 2017 is \$34,919.

The current cash balance on the County's HOME local program income account as of December 31, 2017 is \$62,793.

**SENECA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**NOTE G – 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 H – TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2017, the County made allowable transfers of \$314,623 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 \$1,593,599 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 2017 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,908,222	
Transfer to Social Services Block Grant	(314,623)	
<b>Total Temporary Assistance for Needy Families</b>	<b><u>\$ 1,593,599</u></b>	

**NOTE I – COST REPORT SETTLEMENTS**

During the calendar year, the County Board of Developmental Disabilities received notice of a liability owed to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$2,888 and \$776 respectively. The Cost Report Settlement payment (liability) was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.



# 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  
109 South Washington Street #2206  
Tiffin, Ohio 44883-2841

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, each major fund, and the aggregate remaining fund information of Seneca County, Ohio (the County) as of and for the year ended December 31, 2017, 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 17, 2018. We were not engaged to audit the aggregate discretely presented component unit. We did not opine on the aggregate discretely presented component unit because it followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and the financial statement were not audited.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

### ***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*.

**County's Response to Findings**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 17, 2018



# 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 THE UNIFORM GUIDANCE

Seneca County  
109 South Washington Street #2206  
Tiffin, Ohio 44883-2841

To the Board of County Commissioners:

### ***Report on Compliance for Each of the Major Federal Programs***

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) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 each of 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, the 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, 2017.

***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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 17, 2018

**SENECA COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2017**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Disclaimer – Aggregate discretely presented component units Unmodified – All other opinion units
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	TANF Cluster  Social Services Block Grant - CFDA #93.667
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

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

**FINDING NUMBER 2017-001**

**Material Weakness**

**Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Additionally, Governmental Accounting Standards Board (GASB) Cod. 2100 paragraph .110 defines the financial reporting entity as the primary government and organizations for which the primary government is financially accountable, which would include component units. Governmental Accounting Standards Board (GASB) Cod. 2200 paragraph .110 says the financial statements of the reporting entity should allow users to distinguish between the primary government and its component units. The government-wide financial statements should display information about the reporting government as a whole, using separate rows and columns to distinguish between the total primary government and its discretely presented component units. Component units should be presented on the same accounting basis used by the primary government.

We noted the financial information for Seneca County Land Reutilization Corporation (the Corporation); one of the County's discretely presented component units is presented using the cash basis of accounting, which is an accounting basis other than accounting principles general accepted in the United States of America. The effects on the financial statements of the variances between the cash basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Also, the Corporation only obtains a bi-annual audit rather than obtaining one annually.

Additional immaterial errors were noted that were below performance materiality and were included on the Summary of Identified Misstatements form but not posted to the financial statements.

These errors were a result of inadequate policies and procedures in preparing the financial statements. The failure to prepare complete and accurate financial statements could lead to the financial statement user making misinformed decisions about the County's financial position. To help ensure the County's financial statements and notes to the statements are complete and accurate, the County should adopt policies and procedures, including a final review of the annual report by the Auditor and audit committee to identify and correct errors, omissions, and misclassifications. In addition, the County should present financial information for all component units following accounting principles generally accepted in the United States of America, and ensure their component units obtain annual audits.

**Officials' Response:**

The Seneca County Land Reutilization Corporation has contacted Julian and Grube, Inc. to perform the 2018 GAAP conversion and will be audited annually starting in 2019.

**3. FINDINGS FOR FEDERAL AWARDS**

None



**JULIE A. ADKINS**  
**SENECA COUNTY AUDITOR**  
**109 S WASHINGTON ST. SUITE 2206**  
**TIFFIN OHIO 44883**

**REAL ESTATE PHONE: 419-447-0692    BOOKKEEPING PHONE: 419-447-0698**  
**FAX: 419-448-5055    [WWW.SENECACOUNTYAUDITOR.ORG](http://WWW.SENECACOUNTYAUDITOR.ORG)**

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**CORRECTIVE ACTION PLAN**  
**December 31, 2017**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	The Seneca County Land Reutilization Corporation has contacted Julian and Grube, Inc. to perform the 2018 GAAP conversion and will be audited annually starting in 2019.	Filing of the 2018 Seneca County Land Reutilization Corporation report.	Damon Alt, Seneca County Treasurer and Seneca County Land Reutilization Corporation Treasurer



# Dave Yost • Auditor of State

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, 2018