



Dave Yost • Auditor of State

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis.....	13
Statement of Activities – Cash Basis	14
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds.....	15
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis - Governmental Funds.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – (Budget Basis) - General Fund	17
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – (Budget Basis) – Construction and Demolition Debris Fund	18
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – (Budget Basis) – WIC Grant Fund	19
Notes to the Financial Statements	21
Federal Awards Expenditures Schedule.....	33
Notes to the Federal Awards Expenditures Schedule	34
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	37
Schedule of Findings.....	39

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Seneca County District Board of Health
Seneca County
71 South Washington Street
Tiffin, Ohio 44883-2359

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seneca County District Board of Health, Seneca County, Ohio (the District), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District'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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District'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 District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Seneca County District Board of Health, Seneca County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General, Construction and Demolition Debris and WIC Grant funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. *Management's Discussion and Analysis* includes tables of net position, changes in net position and governmental activities. The Federal Awards Expenditures Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, on our consideration of the District'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 District'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" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

Columbus, Ohio

June 24, 2013

This page intentionally left blank.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

The discussion and analysis of Seneca County District Board of Health's (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2012 are as follows:

- The District's net position increased \$5,200 or 0.75% from the prior year.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the District's receipts, accounting for 77.63% of all the dollars coming into the District. General receipts in the form of property taxes, donations, State subsidy and miscellaneous receipts make up the remaining 22.37%.
- The District's disbursements decreased by \$114,246 from the prior year, due primarily to decreases in spending for WIC, public health preparedness, lead community health services, and administration programs.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as is applicable to the District's cash basis of accounting.

Report Components

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the District performed financially during 2012, within the limitations of the cash basis of accounting. The Statement of Net Position - Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities - Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, one should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis present governmental activities, which include all the District's services. The District has no business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the District are governmental.

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's health programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the general fund, the construction and demolition debris fund, and the WIC grant fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net position for 2012 compared to 2011 on a cash basis.

**Table 1
Net Position - Cash Basis**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 699,811</u>	<u>\$ 694,611</u>
Net Position		
Restricted for:		
Environmental health	\$ 497,525	\$ 492,273
Community health services	129,244	125,881
Unrestricted	<u>73,042</u>	<u>76,457</u>
Total Net Position	<u>\$ 699,811</u>	<u>\$ 694,611</u>

The District's net position increased \$5,200 from 2011 primarily due to a decrease in net disbursements related to program activities of \$42,757 and an increase in general receipts of \$19,105.

In 2012, 22.37% of the District's total receipts were from general receipts, consisting mainly of property taxes levied for general District purposes. Program receipts accounted for 77.63% of the District's total receipts in 2012. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and State and federal operating grants and donations.

Administration accounted for 37.84% of the District's total disbursements for 2012. These costs represent the costs to administer all programs not supported by special receipts. Construction and Demolition Debris and WIC disbursements accounted for 18.53% and 15.16%, respectively, of 2012 total disbursements.

Table 2 reflects the change in net position on a cash basis in 2012 as compared to 2011:

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

**Table 2
Changes in Net Position - Cash Basis**

	Governmental Activities	
	2012	2011
Receipts		
Program cash receipts		
Charges for services	\$ 1,238,562	\$ 1,127,511
Operating grants and contributions	627,981	810,521
Total program cash receipts	<u>1,866,543</u>	<u>1,938,032</u>
General receipts		
Property taxes and other local taxes		
Levied for general Health District purposes	451,756	438,762
Grants and entitlements not restricted to specific programs	72,649	74,206
Donations	5,113	3,164
Miscellaneous	8,253	2,534
Total general receipts	<u>537,771</u>	<u>518,666</u>
Total Receipts	<u>2,404,314</u>	<u>2,456,698</u>
Disbursements		
Environmental health		
Trailer park	13,672	14,953
Swimming pool	8,454	9,070
Food service	87,487	93,797
Water system	17,580	17,559
Solid waste	100,118	99,482
Nuisance		155
Radon	55,661	48,330
Sewage	23,523	24,713
Construction and demolition debris	444,573	358,339
Community health services		
WIC	363,816	413,074
Senior services	4,808	4,075
Welcome home program	4,023	14,728
Public health preparedness	88,539	177,906
Lead	671	60,282
Immunizations	116,534	122,591
Wellness	3,520	4,841
Child and family health services	41,076	36,300
Homemaker	61,697	66,212
Breast health education	5,797	851
Personal responsibility education	49,767	
Administration	907,798	946,102
Total Disbursements	<u>2,399,114</u>	<u>2,513,360</u>
Change in net position	5,200	(56,662)
Net position at beginning of year	<u>694,611</u>	<u>751,273</u>
Net position at end of year	<u>\$ 699,811</u>	<u>\$ 694,611</u>

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

Governmental Activities

The first column of the Statement of Activities - Cash Basis lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for environmental health, community health services, and administration, which account for 31.31%, 30.85%, and 37.84% of all governmental disbursements, respectively. The "Program Cash Receipts" columns of the Statement of Activities - Cash Basis identify amounts paid by individuals who are directly charged for services and grants received by the District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts. A comparison between the total cost of services and the net cost for both 2012 and 2011 is presented in Table 3, below.

**Table 3
Governmental Activities**

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Environmental health				
Trailer park	\$ 13,672	\$ 8,252	\$ 14,953	\$ (1,149)
Swimming pool	8,454	392	9,070	875
Food service	87,487	4,742	93,797	(3,508)
Water system	17,580	(5,705)	17,559	(56)
Solid waste	100,118	57,852	99,482	(2,684)
Nuisance		(918)	155	70
Radon	55,661	7,161	48,330	5,705
Sewage	23,523	(5,145)	24,713	2,976
Construction and demolition services	444,573	(69,211)	358,339	1,992
Community health services				
WIC	363,816	25,959	413,074	4,735
Senior services	4,808	706	4,075	(2,814)
Welcome home program	4,023	4,023	14,728	2,677
Public health preparedness	88,539	(14,932)	177,906	4,775
Lead	671	671	60,282	14,950
Immunizations	116,534	4,607	122,591	(7,702)
Wellness	3,520	2,706	4,841	2,135
Child and family health services	41,076	(1,386)	36,300	(611)
Homemaker	61,697	(1,180)	66,212	257
Breast health education	5,797	(203)	851	(5,149)
Personal responsibility education	49,767	(3,619)		
Administration	907,798	517,799	946,102	557,854
Totals	<u>\$ 2,399,114</u>	<u>\$ 532,571</u>	<u>\$ 2,513,360</u>	<u>\$ 575,328</u>

The District has attempted to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 22.42% of the District's costs are supported through property taxes, unrestricted grants and other general receipts.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

The District's Funds

Total governmental funds had receipts and other financing sources of \$2,486,618 and disbursements and other financing uses of \$2,481,418.

The general fund is the chief operating fund of the District. Disbursements and other financing uses exceeded receipts and other financing sources in the general fund by \$2,975 in 2012. Property and other local taxes, fees, and contractual services receipts represented 49.15%, 27.37% and 13.66%, respectively, of total receipts of \$919,127 for 2012. The general fund had \$907,798 in disbursements for administration costs during the year.

The construction and demolition debris fund, a major special revenue fund, accounts for receipts collected from the landfill. Receipts in the form of fees of \$513,881 represent an increase of 44.20% from 2011. Correspondingly, disbursements for construction and demolition services increased 24.06% as compared to 2011.

The Women, Infants, and Children (WIC) Grant fund, a major special revenue fund, accounts for federal grant monies for the WIC program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. Receipts and disbursements in the WIC fund decreased by 17.14% and 11.92% from 2011, respectively, due to lower grant receipts during the year.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2012, the District amended its budget several times. The general fund's final budgeted receipts of \$918,972 were \$14,323 lower than the original budget of \$933,295. Actual receipt collections, excluding other financing sources, were \$919,127, \$155 greater than final budget estimates. Actual budgetary-basis disbursements, excluding other financing uses, of \$922,689, were \$35,289 less than final estimates of \$957,978.

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Current Issues

A major challenge for the District is to provide quality services to the public while complying with the restrictions imposed by limited, and in some cases shrinking funding. The District relies on operating grants and is diligent in searching for new funding sources to allow our programs to continue. Charges for services and contract rates are analyzed to ensure that costs to administer and carry out programs are covered.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marjorie Broadhead, Health Commissioner, 71 South Washington Street, Suite 1102, Tiffin, Ohio 44883-2359.

This page intentionally left blank.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 699,811</u>
Net position	
Restricted for:	
Environmental health	\$ 497,525
Community health services	129,244
Unrestricted	<u>73,042</u>
Total net position	<u>\$ 699,811</u>

See accompanying notes to the financial statements

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
Disbursements	Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental activities:				
Environmental health				
Trailer park	\$ 13,672	\$ 5,420		\$ (8,252)
Swimming pool	8,454	8,062		(392)
Food service	87,487	82,745		(4,742)
Water system	17,580	23,285		5,705
Solid waste	100,118	5,100	\$ 37,166	(57,852)
Nuisance		918		918
Radon	55,661		48,500	(7,161)
Sewage	23,523	28,668		5,145
Construction and demolition services	444,573	513,784		69,211
Community health services				
WIC	363,816		337,857	(25,959)
Senior services	4,808	4,102		(706)
Welcome home program	4,023			(4,023)
Public health preparedness	88,539	1,222	102,249	14,932
Lead	671			(671)
Immunizations	116,534	74,680	37,247	(4,607)
Wellness	3,520	814		(2,706)
Child and family health services	41,076		42,462	1,386
Homemaker	61,697	40,377	22,500	1,180
Breast health education	5,797	6,000		203
Personal responsibility education	49,767	53,386		3,619
Administration	907,798	389,999		(517,799)
Total governmental activities	<u>\$ 2,399,114</u>	<u>\$ 1,238,562</u>	<u>\$ 627,981</u>	<u>(532,571)</u>
General Receipts:				
Property taxes and other local taxes				
levied for general Health District purposes				451,756
Grants and entitlements not restricted to specific programs				72,649
Donations				5,113
Miscellaneous				8,253
Total general receipts				537,771
Change in net position				5,200
Net position at beginning of year				694,611
Net position at end of year				\$ 699,811

See accompanying notes to the basic financial statements

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Construction and Demolition Debris</u>	<u>WIC Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 67,000	\$ 442,743	\$ 49,218	\$ 140,850	\$ 699,811
Fund Balances					
Restricted:					
Environmental health					
Trailer park				\$ 502	\$ 502
Swimming pool				278	278
Food service				6,407	6,407
Water system				10,196	10,196
Solid waste				13,703	13,703
Radon				11,666	11,666
Sewage				12,030	12,030
Construction and demolition debris		\$ 442,743			442,743
Community health services					
WIC			\$ 49,218		49,218
Senior services				2,914	2,914
Welcome home program				426	426
Public health preparedness				41,037	41,037
Lead				1,316	1,316
Immunizations				8,811	8,811
Child and family health services				5,117	5,117
Homemaker				11,434	11,434
Breast health education				5,352	5,352
Personal responsibility education				3,619	3,619
Committed:					
Environmental health					
Nuisance				2,834	2,834
Community health services					
Dental services				492	492
Preventative health				2,019	2,019
Wellness				697	697
Assigned:					
Administration	\$ 14,891				14,891
Subsequent year appropriation	52,109				52,109
Total fund balances	<u>\$ 67,000</u>	<u>\$ 442,743</u>	<u>\$ 49,218</u>	<u>\$ 140,850</u>	<u>\$ 699,811</u>

See accompanying notes to the basic financial statements

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Construction and Demolition Debris	WIC Grant	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and other local taxes	\$ 451,756				\$ 451,756
Licenses and permits	12,936			\$ 133,315	146,251
Fees	251,532	\$ 513,784		96,377	861,693
Contractual services	125,531			105,087	230,618
Intergovernmental	72,649		\$ 337,857	290,124	700,630
Private grants and donations	10			5,103	5,113
Miscellaneous	4,713	97	604	2,839	8,253
Total receipts	<u>919,127</u>	<u>513,881</u>	<u>338,461</u>	<u>632,845</u>	<u>2,404,314</u>
Disbursements					
Current:					
Environmental health					
Trailer park				13,672	13,672
Swimming pool				8,454	8,454
Food service				87,487	87,487
Water system				17,580	17,580
Solid waste				100,118	100,118
Radon				55,661	55,661
Sewage				23,523	23,523
Construction and demolition services		444,573			444,573
Community health services					
WIC			363,816		363,816
Senior services				4,808	4,808
Welcome home program				4,023	4,023
Public health preparedness				88,539	88,539
Lead				671	671
Immunizations				116,534	116,534
Wellness				3,520	3,520
Child and family health services				41,076	41,076
Homemaker				61,697	61,697
Breast health education				5,797	5,797
Personal responsibility education				49,767	49,767
Administration	907,798				907,798
Total disbursements	<u>907,798</u>	<u>444,573</u>	<u>363,816</u>	<u>682,927</u>	<u>2,399,114</u>
Excess of receipts over (under) disbursements	<u>11,329</u>	<u>69,308</u>	<u>(25,355)</u>	<u>(50,082)</u>	<u>5,200</u>
Other financing sources (uses)					
Advances in	34,000		11,304	37,000	82,304
Advances (out)	(48,304)			(34,000)	(82,304)
Total other financing sources (uses)	<u>(14,304)</u>		<u>11,304</u>	<u>3,000</u>	
Net change in fund balances	(2,975)	69,308	(14,051)	(47,082)	5,200
Fund balances at beginning of year	<u>69,975</u>	<u>373,435</u>	<u>63,269</u>	<u>187,932</u>	<u>694,611</u>
Fund balances at end of year	<u>\$ 67,000</u>	<u>\$ 442,743</u>	<u>\$ 49,218</u>	<u>\$ 140,850</u>	<u>\$ 699,811</u>

See accompanying notes to the basic financial statements

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 455,887	\$ 451,756	\$ 451,756	
Licenses and Permits	11,418	13,271	12,936	\$ (335)
Fees	252,573	252,319	251,532	(787)
Contractual services	146,918	124,254	125,531	1,277
Intergovernmental	65,169	72,649	72,649	
Private grants and donations		10	10	
Miscellaneous	1,330	4,713	4,713	
Total receipts	<u>933,295</u>	<u>918,972</u>	<u>919,127</u>	<u>155</u>
Disbursements				
Current:				
Administration	<u>944,665</u>	<u>957,978</u>	<u>922,689</u>	<u>35,289</u>
Excess of disbursements over receipts	<u>(11,370)</u>	<u>(39,006)</u>	<u>(3,562)</u>	<u>35,444</u>
Other financing sources (uses)				
Advances in			34,000	34,000
Advances (out)			<u>(48,304)</u>	<u>(48,304)</u>
Total other financing sources (uses)			<u>(14,304)</u>	<u>(14,304)</u>
Net change in fund balance	(11,370)	(39,006)	(17,866)	21,140
Fund balance at beginning of year	50,871	50,871	50,871	
Prior year encumbrances appropriated	<u>19,104</u>	<u>19,104</u>	<u>19,104</u>	
Fund balance at end of year	<u>\$ 58,605</u>	<u>\$ 30,969</u>	<u>\$ 52,109</u>	<u>\$ 21,140</u>

See accompanying notes to the basic financial statements

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CONSTRUCTION AND DEMOLITION DEBRIS FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Fees	\$ 375,000	\$ 513,784	\$ 513,784	
Miscellaneous		97	97	
Total receipts	<u>375,000</u>	<u>513,881</u>	<u>513,881</u>	
Disbursements				
Current:				
Environmental health				
Construction and demolition services	<u>448,142</u>	<u>534,493</u>	<u>522,697</u>	<u>\$ 11,796</u>
Net change in fund balance	(73,142)	(20,612)	(8,816)	11,796
Fund balance at beginning of year	317,849	317,849	317,849	
Prior year encumbrances appropriated	<u>55,586</u>	<u>55,586</u>	<u>55,586</u>	
Fund balance at end of year	<u><u>\$ 300,293</u></u>	<u><u>\$ 352,823</u></u>	<u><u>\$ 364,619</u></u>	<u><u>\$ 11,796</u></u>

See accompanying notes to the basic financial statements

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
WIC GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 292,793	\$ 365,428	\$ 337,857	\$ (27,571)
Miscellaneous		604	604	
Total receipts	<u>292,793</u>	<u>366,032</u>	<u>338,461</u>	<u>(27,571)</u>
Disbursements				
Current:				
Community health services				
WIC	<u>337,849</u>	<u>428,603</u>	<u>399,463</u>	<u>29,140</u>
Excess of disbursements over receipts	<u>(45,056)</u>	<u>(62,571)</u>	<u>(61,002)</u>	<u>1,569</u>
Other financing sources				
Advances in			<u>11,304</u>	<u>11,304</u>
Net change in fund balance	(45,056)	(62,571)	(49,698)	12,873
Fund balance at beginning of year	45,362	45,362	45,362	
Prior year encumbrances appropriated	<u>17,907</u>	<u>17,907</u>	<u>17,907</u>	
Fund balance at end of year	<u>\$ 18,213</u>	<u>\$ 698</u>	<u>\$ 13,571</u>	<u>\$ 12,873</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - REPORTING ENTITY

The Seneca District Board of Health (the "District"), Seneca County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A ten-member Board with two members appointed by the City of Tiffin, two members appointed by the City of Fostoria, five members appointed by the District Advisory Council, and one member appointed by the District Licensing Advisory Council.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, certification of birth and death records, women-infant-children nutritional education and emergency response planning.

The Seneca County Auditor acts as fiscal agent for the District and the Seneca County Treasurer acts as custodian of all funds.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District and organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position – cash basis and the statement of activities – cash basis display information about the District as a whole. These statements include the financial activities of the

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

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

primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position – cash basis presents the cash balance of the District at year end. The statement of activities – cash basis compares disbursements and program receipts for each program or function of the District’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District 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.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following are the District’s major governmental funds:

General Fund - the General fund is used to account for and report all financial resources, except those required to be accounted for in another fund. The General fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Construction and Demolition Debris Fund - the Construction and Demolition Debris fund is used to account for and report financial resources that are restricted for a particular purpose. This fund receives receipts from the landfill at a rate of \$1.60 per ton collected by the landfill. The District retains \$.40 per ton collected and the remaining receipts are disbursed to the Environmental Protection Agency, Department of Natural Resources, Loudon Township, and the Seneca County Commissioners.

WIC Grant Fund - the WIC grant fund receives receipts from the Ohio Department of Health that are restricted for services to improve the health and nutrition status and prevent health problems among at-risk women, infants and children.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

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

The other governmental funds of the District account for grants and other resources that are restricted or committed for a particular purpose.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when incurred.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements.

D. Budgetary Process

All 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 a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at the fund and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are indentified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

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 budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the District during the year.

E. Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Seneca County Treasurer, who acts as custodian for the District's monies. The District's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount. Individual fund integrity is maintained through District records.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

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

G. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

I. Fund Cash Balance

Fund balance is divided into five classifications based primarily on the extent to which the District 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 District had no nonspendable balance at December 31, 2012.

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 District Board. Those committed amounts cannot be used for any other purpose unless the District Board 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 District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts include those approved through the District's formal purchasing procedure and those required for subsequent year appropriations.

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 District had no unassigned balance at December 31, 2012.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

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

The District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

J. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

The District records advances in and advances out as interfund loans; however, these items are not reported as assets and liabilities in the accompanying financial statements. See Note 6 for detail on advances made between funds during 2012.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2012, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for state and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concept of net position.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison schedule presented for the general fund and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary-basis) rather than assigned, committed or restricted fund balance (cash-basis).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statements:

	Fund Balance		
	General	Construction and Demolition	WIC Grant
		Debris	
Cash basis	\$ 67,000	\$ 442,743	\$ 49,218
Adjustment for encumbrances	(14,891)	(78,124)	(35,647)
Budgetary basis	\$ 52,109	\$ 364,619	\$ 13,571

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2012 represent the collection of 2011 taxes. Real property taxes received in 2011 were levied after October 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. The first payment is due on December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real property taxes collected for 2012 were levied after October 1, 2011, on the assessed values determined as of December 31, 2011, the lien date. These taxes will be collected in and are intended to finance 2013 operations. Public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described earlier.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE 5 - PROPERTY TAXES - (Continued)

The full tax rate for all District operations for the year ended December 31, 2012, was \$0.30 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

Real property	\$ 919,930,170	94.70%
Public utility personal property	51,454,730	5.30%
Total assessed valuation	\$ 971,384,900	100.00%

NOTE 6 - INTERFUND ADVANCES

Interfund advances for the year ended December 31, 2012, consisted of the following, as reported on the fund statements:

Advances to the general fund from:

Nonmajor governmental funds	\$ 34,000
-----------------------------	-----------

Advances from the general fund to:

WIC grant fund	11,304
Nonmajor governmental funds	37,000

The primary purpose of the interfund advances is to cover costs in specific funds where revenues were not received by December 31. These interfund advances are also made to repay advances made in the prior fiscal year from the general fund.

Interfund advances between governmental funds are eliminated on the government-wide financial statements.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE 7 - RISK MANAGEMENT - (Continued)

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$11,000.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$12,157	\$12,080

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE 8 - DEFINED BENEFIT PENSION PLAN – (Continued)

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2012 member contribution rates were 10.00% for members in State and local classifications. The District's contribution rate for 2012 was 14.00%.

The District's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The District's contribution rate for pension benefits for members in the Combined Plan for 2012 was 7.95%. For those plan members in law enforcement and public safety pension contributions were 14.10%. The District's required contributions to fund pension of the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$116,057, \$121,208, and \$104,139, respectively; 100% has been contributed for 2012, 2011 and 2010.

NOTE 9 - POSTRETIREMENT BENEFITS

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS,

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE 9 - POSTRETIREMENT BENEFITS - (Continued)

Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment health care 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 2012, local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment health care for members in the Traditional Plan for 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment health care for members in the Combined Plan for 2012 was 6.05%.

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 health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$46,475, \$49,624, and \$59,369, respectively; 100% has been contributed for 2012, 2011 and 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 10 - CONTINGENT GRANTS

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE 11 - COMMITMENTS

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

General fund	\$ 14,891
Major special revenue funds:	
Construction and demolition debris	78,124
WIC grant	35,647
Other governmental funds	<u>17,730</u>
Total	<u>\$ 146,392</u>

This page intentionally left blank.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	74-1-001-1WA0512 74-1-001-1WA0613	10.557	\$ 280,160 65,155
Total U.S. Department of Agriculture			<u>345,315</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to States (CFHS)	74-1-001-1-MC0512 74-1-001-1-MC0613	93.994	22,702 17,556
Total Block Grant to States			<u>40,258</u>
Immunization Grants	74-1-001-2-IM0411 74-1-001-2-IM0512	93.268	5,806 34,551
Total Immunization Grants			<u>40,357</u>
Public Health Emergency Preparedness	74-1-001-2-PH0312 74-1-001-2-PH0413	93.069	66,174 21,927
Total Public Health Emergency Preparedness			<u>88,101</u>
Total U.S. Department of Health and Human Services			<u>168,716</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grants	74-1-001-2-IR0512 74-1-001-2-IR0613	66.032	40,550 10,913
Total State Indoor Radon Grants			<u>51,463</u>
Total Federal Awards Expenditures			<u><u>\$ 565,494</u></u>

The accompanying notes are an integral part of this schedule.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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



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 District Board of Health
Seneca County
71 South Washington Street
Tiffin, Ohio 44883-2359

To the Members of the Board:

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, each major fund, and the aggregate remaining fund information of Seneca County District Board of Health, Seneca County, Ohio (the District), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 24, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District'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 District'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 District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District'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 initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

June 24, 2013



Dave Yost • Auditor of State

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

Seneca County District Board of Health
Seneca County
71 South Washington Street
Tiffin, Ohio 44883-2359

To the Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the Seneca County District Board of Health, Seneca County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Seneca County District Board of Health's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Seneca County District Board of Health complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The District'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 District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

June 24, 2013

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants and Children
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

SENECA COUNTY DISTRICT BOARD OF HEALTH

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
JULY 9, 2013**