



Dave Yost • Auditor of State

SENECA COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Seneca County
111 Madison Street
Tiffin, Ohio 44883-2824

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seneca County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Seneca Re-Ad Industries, Inc., which represents the County's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Seneca Re-Ad Industries, Inc., is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of Seneca Re-Ad Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seneca County, Ohio, as of December 31, 2014, 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*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015, 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 21, 2015

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SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 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, 2014. 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 2014 are as follows:

- The total net position of the County increased \$370,601 during 2014. The net position of the governmental activities increased \$353,847, which represents a 0.33 percent increase over the net position at December 31, 2013; meanwhile, the net position of business-type activities increased \$16,754 or 0.40 percent from 2013 to 2014.
- General revenues accounted for \$16,961,793 or 42.10 percent of total governmental activities revenue. Program specific revenues accounted for \$23,325,793 or 57.90 percent of total governmental activities revenue.
- The County as a whole had \$40,782,358 in expenses; \$24,167,057 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,985,902 were adequate to provide for these programs.
- The General fund, the County's largest major governmental fund, had revenues and other financing sources of \$16,908,577 in 2014, an increase of \$271,852 or 1.63 percent from general fund revenues and other financing sources in 2013. The General fund had expenditures and other financing uses of \$16,061,113 in 2014, an increase of \$564,306 or 3.64 percent from 2013. The net effect of changes in revenues and expenditures contributed to the General fund balance increase of 847,464 or 15.74 percent from 2013 to 2014.
- The net position of the business-type activities, which are composed of the Emergency Medical Services and the County Sewer District enterprise funds, increased in 2013 by \$16,754 or 0.40 percent.

Using the Basic Financial Statements (BFS)

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

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

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 2014?" 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,

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 UNAUDITED (Continued)

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

Governmental Funds

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

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

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

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

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

The table below provides a summary of the County's net position at December 31, 2014 and December 31, 2013.

	Net Position					
	Governmental Activities 2014	Business-type Activities 2014	Governmental Activities 2013	Business-type Activities 2013	Total 2014	Total 2013
<u>Assets</u>						
Current and other assets	\$ 46,959,368	\$ 1,209,613	\$ 45,989,471	\$ 1,219,855	\$ 48,168,981	\$ 47,209,326
Capital assets	<u>71,757,905</u>	<u>6,229,565</u>	<u>72,592,303</u>	<u>6,235,613</u>	<u>77,987,470</u>	<u>78,827,916</u>
Total assets	<u>118,717,273</u>	<u>7,439,178</u>	<u>118,581,774</u>	<u>7,455,468</u>	<u>126,156,451</u>	<u>126,037,242</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	4,347,286	3,102,266	5,115,343	3,144,646	7,449,552	8,259,989
Other liabilities	<u>2,558,462</u>	<u>108,876</u>	<u>2,368,431</u>	<u>99,540</u>	<u>2,667,338</u>	<u>2,467,971</u>
Total liabilities	<u>6,905,748</u>	<u>3,211,142</u>	<u>7,483,774</u>	<u>3,244,186</u>	<u>10,116,890</u>	<u>10,727,960</u>
<u>Deferred Inflows of Resources</u>	<u>5,424,570</u>	<u>-</u>	<u>5,064,892</u>	<u>-</u>	<u>5,424,570</u>	<u>5,064,892</u>
<u>Net Position</u>						
Net investment in capital assets	69,100,856	3,140,725	68,989,686	3,097,089	72,241,581	72,086,775
Restricted	24,957,432	232,662	25,771,402	110,819	25,190,094	25,882,221
Unrestricted	<u>12,328,667</u>	<u>854,649</u>	<u>11,272,020</u>	<u>1,003,374</u>	<u>13,183,316</u>	<u>12,275,394</u>
Total net position	<u>\$ 106,386,955</u>	<u>\$ 4,228,036</u>	<u>\$ 106,033,108</u>	<u>\$ 4,211,282</u>	<u>\$ 110,614,991</u>	<u>\$ 110,244,390</u>

Over time, net position can serve as a useful indicator of a government's financial condition. At December 31, 2014, the County's assets exceeded liabilities and deferred inflows of resources by \$110,614,991. This amounts to \$106,386,955 in the governmental activities and \$4,228,036 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 61.82 percent of total governmental and business-type assets. Capital assets

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 UNAUDITED (Continued)

include land and improvements, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The County's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets and amounted to \$72,241,581 at December 31, 2014. 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, 2014, 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, \$24,957,432 or 23.46 percent in the governmental activities and \$232,662 or 5.50 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 \$12,328,667 in the governmental activities and \$854,649 in the business-type activities, may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental net position increased by \$353,847 during 2014 from balances at December 31, 2013.

General government expenses, which include legislative and executive and judicial programs, accounted for \$8,773,961 or 22.08 percent of total governmental expenses. General government expenses were covered by direct charges to users, operating grants and contributions, and capital grants and contributions of \$3,021,541, \$314,026, and \$19,634, respectively, in 2014. The County's largest program in 2014 was health, accounting for 23.66 percent of total governmental expenses. Health activities are provided mainly by the SCOC. 47.43 percent of these expenses were funded by \$2,519,617 in operating grants and contributions and \$1,939,489 in charges for health services in 2014. Human services programs support the operations of the County Home, Public Assistance, Victim Assistance, Veteran Services, and the Children Services Board. Human services expenses accounted for \$7,477,486 or 18.82 percent of total governmental activities expenses. These expenses were funded by \$273,209 in charges to users of services and \$5,808,651 in operating grants and contributions in 2014. Public works expenses accounted for 16.42% of expenses and were offset by direct charges to users, operating grants and contributions, and capital grants and contributions of \$724,573, \$4,445,511, and \$1,023,944, respectively. Public safety activities include the operations of the County sheriff, coroner, community corrections, homeland security, emergency management, and the Seneca County Youth Center. 33.10 percent of public safety expenses was funded by program-specific charges for services revenues, including prison and detention center housing fees and reimbursements, revenue from concealed weapons licenses, emergency management charges for services and other sales, while 10.56 percent of public safety expenses was funded by operating and capital grants and contributions from federal, State, and local sources.

The County's direct charges to users of governmental services made up \$8,174,833 or 20.29 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 \$14,107,382 in operating grants and contributions and \$1,043,578 in capital grants and contributions. Operating grants and contributions are restricted to be used for specific County programs, while capital grants and contributions are restricted to be used for the construction or acquisition of facilities and other capital assets.

General revenues totaled \$16,961,793, and amounted to 42.10 percent of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,476,894, or 79.45 percent of total general revenues in 2014. The other primary source of general revenues is unrestricted grants and entitlements of \$2,379,958, with local government revenue assistance and the County's allocation of Ohio casino revenues making up \$661,851 or 27.80%, and \$671,845 or 28.22% of the total respectively.

Capital grants and contributions decreased among the governmental activities as the County had fewer ongoing construction projects during the year, while in the prior year the Youth Center and SCAT building construction

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)

projects were funded by grantors. Capital grants and contributions among the business-type activities decreased significantly during 2014 due to a grant from the U.S. Department of Agriculture for construction of the Bascom Wastewater Treatment Plant that occurred in 2013.

Charges for services in the business-type activities increased from 2013 due to higher charges to customers, higher tap-in fees earned for connections to the County sewer system, which can vary based on the needs of sewer customers, and higher billings for EMS services.

The table below shows the changes in net position for fiscal year 2014 and 2013.

Change in Net Position

	Governmental Activities 2014	Business-type Activities 2014	Governmental Activities 2013	Business-type Activities 2013	Total 2014	Total 2013
Revenues						
Program revenues:						
Charges for services and sales	\$ 8,174,833	\$ 785,764	\$ 7,613,053	\$ 754,536	\$ 8,960,597	\$ 8,367,589
Operating grants and contributions	14,107,382	55,500	13,304,253	5,882	14,162,882	13,310,135
Capital grants and contributions	1,043,578	-	4,956,945	2,098,314	1,043,578	7,055,259
Total program revenues	<u>23,325,793</u>	<u>841,264</u>	<u>25,874,251</u>	<u>2,858,732</u>	<u>24,167,057</u>	<u>28,732,983</u>
General revenues:						
Property taxes	5,075,656		5,035,465	-	5,075,656	5,035,465
Sales tax	8,401,238		7,971,750	-	8,401,238	7,971,750
Unrestricted grants	2,379,958		2,427,120	-	2,379,958	2,427,120
Contributions and donations	3,020		26,000	-	3,020	26,000
Investment earnings	14,283	957	57,660	1,289	15,240	58,949
Other	1,087,638	23,152	674,263	12,510	1,110,790	686,773
Total general revenues	<u>16,961,793</u>	<u>24,109</u>	<u>16,192,258</u>	<u>13,799</u>	<u>16,985,902</u>	<u>16,206,057</u>
Total revenues	<u>40,287,586</u>	<u>865,373</u>	<u>42,066,509</u>	<u>2,872,531</u>	<u>41,152,959</u>	<u>44,939,040</u>
Expenses						
Program expenses:						
General government						
Legislative and executive	6,362,107	-	6,563,460	-	6,362,107	6,563,460
Judicial	2,411,854	-	2,510,001	-	2,411,854	2,510,001
Public safety	6,695,159	-	6,493,429	-	6,695,159	6,493,429
Public works	6,523,903	-	6,537,118	-	6,523,903	6,537,118
Health	9,401,062	-	8,464,251	-	9,401,062	8,464,251
Human services	7,477,486	-	6,342,892	-	7,477,486	6,342,892
Conservation and recreation	136,448	-	117,422	-	136,448	117,422
Community and economic development	620,501	-	457,776	-	620,501	457,776
Interest and fiscal charges	110,643	-	117,538	-	110,643	117,538
Emergency Medical Services	-	460,675	-	450,399	460,675	450,399
County Sewer District	-	582,520	-	470,038	582,520	470,038
Total expenses	<u>39,739,163</u>	<u>1,043,195</u>	<u>37,603,887</u>	<u>920,437</u>	<u>40,782,358</u>	<u>38,524,324</u>
Excess of revenues over expenses	548,423	(177,822)	4,462,622	1,952,094	370,601	6,414,716
Transfers	(194,576)	194,576	(155,000)	155,000	-	-
Change in net position	353,847	16,754	4,307,622	2,107,094	370,601	6,414,716
Net position at beginning of year	<u>106,033,108</u>	<u>4,211,282</u>	<u>101,725,486</u>	<u>2,104,188</u>	<u>110,244,390</u>	<u>103,829,674</u>
Net position at end of year	<u>\$106,386,955</u>	<u>\$ 4,228,036</u>	<u>\$106,033,108</u>	<u>\$ 4,211,282</u>	<u>\$110,614,991</u>	<u>\$110,244,390</u>

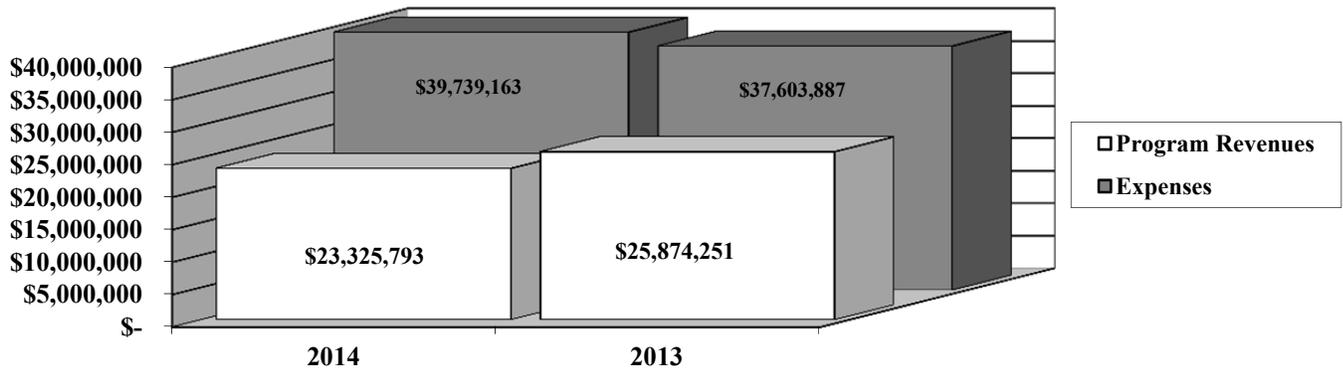
SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). The County is reliant upon general revenues to finance operations, as program revenues are not sufficient to cover total expenses.

Governmental Activities - Program Revenues vs. Total Expenses



The table that follows presents the total and net costs of services, or the extent to which the County relies on general revenues to finance current operations, of the governmental activities for 2014 and 2013.

	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program Expenses:				
General government				
Legislative and executive	\$ 6,362,107	\$ 4,451,747	\$ 6,563,460	\$ 4,202,486
Judicial	2,411,854	967,013	2,510,001	1,133,779
Public safety	6,695,159	3,772,478	6,493,429	2,674,156
Public works	6,523,903	329,875	6,537,118	(2,589,784)
Health	9,401,062	4,941,956	8,464,251	5,127,580
Human services	7,477,486	1,395,626	6,342,892	615,631
Conservation and recreation	136,448	136,448	117,422	117,322
Community and economic development	620,501	307,584	457,776	330,928
Interest and fiscal charges	110,643	110,643	117,538	117,538
Total	<u>\$ 39,739,163</u>	<u>\$ 16,413,370</u>	<u>\$ 37,603,887</u>	<u>\$ 11,729,636</u>

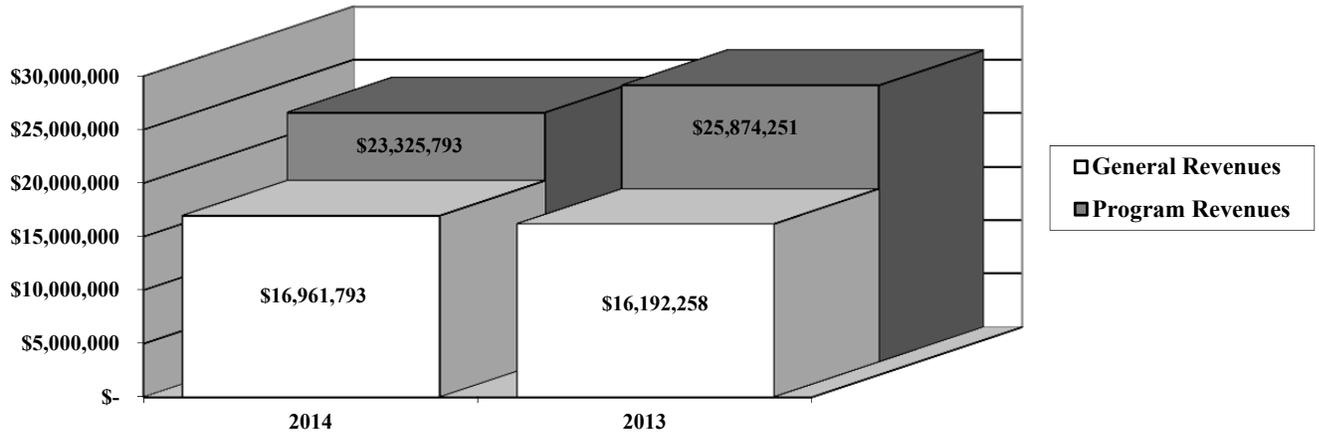
Charges for services, operating grants and contributions, and capital grants and contributions totaling \$23,325,793 were used to offset the governmental activities expenses of the County. The remaining \$16,413,370 in governmental activities expenses was funded by property taxes, sales taxes and grants and entitlements not restricted to specific programs. The County's reliance upon general revenues for governmental activities is apparent, with 41.30 percent of expenses supported through taxes and other general revenues during 2014.

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)

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

Governmental Activities - General and Program Revenues



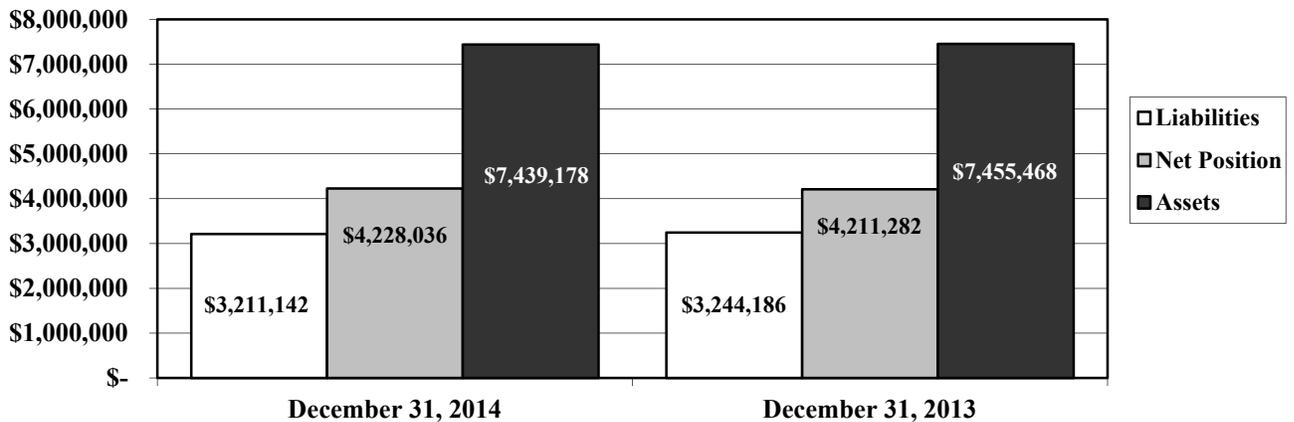
Business-Type Activities

The Emergency Medical Services and County Sewer District are the County's enterprise funds. These operations had program revenues of \$841,264 general revenues of \$24,109, and expenses of \$1,043,195 for fiscal year 2014. The net position of the business-type activities increased \$16,754 during 2014.

During 2014, the assets and net position of the business type activities increased due primarily to a transfer in of \$194,576 into the Emergency Medical Services fund.

The following graph illustrates the assets, liabilities, and net position of the County's business-type activities at December 31, 2014 and December 31, 2013.

Net Position of Business - Type Activities



SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The County's governmental funds reported a combined fund balance of \$30,544,065 at December 31, 2014, which is \$962,102 higher than last year's total of \$29,581,963. The schedule below indicates the fund balances as of December 31, 2014 and December 31, 2013 and the total change in fund balance during the year for all major governmental funds and the non-major governmental funds in the aggregate.

	Fund Balances <u>December 31, 2014</u>	Fund Balances <u>December 31, 2013</u>	<u>Change</u>
Major funds:			
General	\$ 6,231,638	\$ 5,384,174	\$ 847,464
Maintenance and Repair	12,148,429	12,560,037	(411,608)
Public Assistance	341,185	441,065	(99,880)
Seneca County Opportunity Center	5,464,190	5,493,794	(29,604)
Nonmajor governmental funds	<u>6,358,623</u>	<u>5,702,893</u>	<u>655,730</u>
Total	<u>\$ 30,544,065</u>	<u>\$ 29,581,963</u>	<u>\$ 962,102</u>

General Fund

The General fund is the primary operating fund of the County. During 2014, the County's General fund balance increased \$847,464.

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

<u>Revenues</u>	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
Taxes	\$ 9,989,586	\$ 9,555,624	4.54 %
Charges for services	3,996,572	4,136,128	(3.37) %
Licenses and permits	3,156	2,498	26.34 %
Fines and forfeitures	193,003	195,803	(1.43) %
Intergovernmental	1,968,174	2,109,361	(6.69) %
Interest	17,611	46,798	(62.37) %
Other	<u>733,211</u>	<u>516,872</u>	41.86 %
Total	<u>\$ 16,901,313</u>	<u>\$ 16,563,084</u>	2.04 %

Tax revenue, consisting of property and sales taxes, represents 59.11 percent of all General fund revenue. Tax revenue increased 4.54 percent from the prior year primarily due to higher sales taxes earned during 2014 as the local economy continues to strengthen. Charges for services decreased 3.37% from the prior year due to lower jail

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)

housing fees and the general fund's portion of EMS charges. Intergovernmental revenues decreased during the year due to a decrease in capital grant revenues from airport grants and a decrease in casino revenue. Other revenues of the general fund increased from the prior year due to increases in vending receipts in 2014.

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

<u>Expenditures</u>	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
General government:			
Legislative and executive	\$ 5,495,886	\$ 5,469,005	0.49 %
Judicial	2,142,975	2,196,454	(2.43) %
Public safety	5,837,324	5,565,689	4.88 %
Public works	37,683	43,509	(13.39) %
Health	323,018	115,096	180.65 %
Human services	296,170	403,949	(26.68) %
Conservation and recreation	112,600	93,527	20.39 %
Debt service	8,162	8,867	(7.95) %
Total	<u>\$ 14,253,818</u>	<u>\$ 13,896,096</u>	2.57 %

Total expenditures increased \$357,722 or 2.57 percent. General government expenditures decreased \$26,598 due to lower costs incurred for insurance and contingencies, purchased services for the County airport operations, and costs of the municipal, common pleas, probate, and juvenile courts. Health expenditures of the general fund increased 180.65 percent; higher health expenditures were incurred in 2014 for purchases of equipment and contract services. Public safety expenditures increased by \$271,635 as a result of higher sheriff salaries and contract services.

Maintenance and Repair Fund

The Maintenance and Repair fund, a major governmental fund, had revenues and other financing sources \$4,602,978 in 2014, a decrease of \$319,144 from 2013 revenues and other financing sources. The Maintenance and Repair fund had expenditures and other financing uses of \$5,014,586 in 2014, an increase of \$958,433 from 2013. The Maintenance and Repair fund incurred higher expenditures for street projects during the year. The fund balance of the Maintenance and Repair fund decreased \$411,608 or 3.28 percent from 2013 to 2014.

Public Assistance Fund

The Public Assistance fund, a major governmental fund, had revenues and other financing sources \$4,558,209 in 2014 compared to \$3,828,332 in 2013. The Public Assistance fund had expenditures of \$4,658,089 in 2014, an increase of \$1,023,786 from 2013. The Public Assistance fund incurred higher expenditures for salaries and contract services during the year. The fund balance of the Public Assistance fund decreased \$99,880 or 22.65 percent from 2013 to 2014.

Seneca County Opportunity Center (SCOC) Fund

The SCOC fund, a major governmental fund, had revenues of \$8,707,202 in 2014, an increase of \$1,397,172 or 19.11 percent from 2013 revenues. The SCOC fund had expenditures of \$8,736,806 in 2014, an increase of \$651,646 or 8.06 percent from 2013. Increased health expenses in the SCOC fund contributed to a decrease of \$29,604 or 0.54 percent in the fund balance of the SCOC fund from 2013 to 2014.

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)

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 SCOC fund.

In the General fund, final budgeted revenues and other financing sources of \$16,654,857 were \$1,554,388 higher than original budgeted revenues of \$15,100,469. Actual revenues and other financing sources of \$16,785,600 were higher than final budgeted revenues by \$130,743 or 0.79 percent.

General fund final budgeted expenditures and other financing uses of \$17,783,446 were \$1,801,538 higher than original budgeted expenditures and other financing uses of \$15,981,908. Actual expenditures and financing uses of \$17,348,161 were \$435,285 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 2014, the County had \$77,987,470 (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, \$71,757,905 was reported in the governmental activities and \$6,229,565 was reported in the business-type activities.

The following table shows fiscal year 2014 balances compared to 2013.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and improvements	\$ 20,829,776	\$ 20,829,776	\$ 26,243	\$ 26,243	\$ 20,856,019	\$ 20,856,019
Construction in progress	672,077	542,722	-	-	672,077	542,722
Land improvements	333,860	359,541	-	-	333,860	359,541
Building and improvements	14,368,644	14,836,443	81,144	88,981	14,449,788	14,925,424
Machinery and equipment	1,993,536	1,977,558	221,280	50,281	2,214,816	2,027,839
Infrastructure	33,560,012	34,046,263	5,900,898	6,070,108	39,460,910	40,116,371
Total	\$ 71,757,905	\$ 72,592,303	\$ 6,229,565	\$ 6,235,613	\$ 77,987,470	\$ 78,827,916

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

SENECA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(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 46.77 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 94.72 percent of the County's total business-type capital assets.

Debt Administration

At December 31, 2014 the County had \$2,650,000 in general obligation bonds, \$7,049 in capital lease obligations, \$45,172 in OWDA loans, \$7,188 in OPWC loans payable, and \$3,081,652 in sewer district improvement revenue bonds outstanding. Of this total, \$544,908 is due within one year and \$5,246,153 is due in more than one year.

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

	Outstanding Debt, at Year End			
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
	2014	2014	2013	2013
Long-Term Obligations				
General obligation bonds	\$ 2,650,000	\$ -	\$ 3,125,000	\$ -
Capital lease obligation	7,049	-	14,490	-
OWDA loan	45,172	-	50,486	-
OPWC loan	-	7,188	272,752	7,872
Sewer improvement bonds	-	3,081,652	-	3,130,652
Total	<u>\$ 2,702,221</u>	<u>\$ 3,088,840</u>	<u>\$ 3,462,728</u>	<u>\$ 3,138,524</u>

At December 31, 2014 the County's voted legal debt margin was \$21,469,751 and the County's unvoted legal debt margin was \$8,317,026. See Note 11 to the basic financial statements for detail on long-term obligations.

Current Economic Factors

The County's estimated population as of July 1, 2013 per the U.S. Census Bureau is 55,914. The County's average annual unemployment rate during 2014 was 7.3% compared to a 7.4% average for the State of Ohio.

The County is primarily a rural community with a significant agricultural and durable goods manufacturing presence. The County's \$976.8 million assessed real property tax base has grown approximately 4 percent over the last six years. The growth is based on residential real estate construction and revaluations of property within the County. The County's debt burden remains modest.

Contacting the County's Financial Management

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

SENECA COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Seneca Re-Ad Industries, Inc.
Assets:				
Equity in pooled cash and investments.	\$ 29,481,405	\$ 993,739	\$ 30,475,144	\$ -
Cash and cash equivalents in segregated accounts.	151,677	-	151,677	1,075,926
Cash and cash equivalents with fiscal agent . . .	-	-	-	988
Receivables:				
Sales taxes.	2,179,753	-	2,179,753	-
Property taxes	5,857,867	-	5,857,867	-
Accounts.	373,901	203,719	577,620	55,309
Accrued interest	13,091	12	13,103	-
Intergovernmental	3,540,194	-	3,540,194	-
Loans.	39,054	-	39,054	-
Notes	-	13,651	13,651	-
Materials and supplies inventory.	477,909	-	477,909	-
Prepayments	224,548	55	224,603	-
Internal balance	1,563	(1,563)	-	-
Investment in joint ventures	4,618,406	-	4,618,406	-
Capital assets:				
Non-depreciable capital assets.	21,501,853	26,243	21,528,096	2,945
Depreciable capital assets, net.	50,256,052	6,203,322	56,459,374	189,540
Total capital assets, net.	71,757,905	6,229,565	77,987,470	192,485
Total assets	118,717,273	7,439,178	126,156,451	1,324,708
Liabilities:				
Accounts payable.	806,666	24,541	831,207	1,981
Contracts payable.	4,700	-	4,700	-
Accrued wages and benefits payable	839,003	10,664	849,667	27,104
Due to other governments	771,676	52,485	824,161	3,352
Accrued interest payable	7,420	21,186	28,606	-
Unearned revenue	128,997	-	128,997	-
Undistributed monies.	-	-	-	15,387
Long-term liabilities:				
Due within one year	894,006	53,543	947,549	-
Due in more than one year.	3,453,280	3,048,723	6,502,003	-
Total liabilities	6,905,748	3,211,142	10,116,890	47,824
Deferred inflows of resources:				
Property taxes levied for the subsequent year. .	5,424,570	-	5,424,570	-
Total deferred inflows of resources	5,424,570	-	5,424,570	-
Net position:				
Net investment in capital assets.	69,100,856	3,140,725	72,241,581	192,485
Restricted for:				
Capital projects	64,040	-	64,040	-
Grants and specific programs	3,260,290	-	3,260,290	-
Human services programs.	2,103,933	-	2,103,933	-
Community and economic development . . .	314,936	-	314,936	-
SCOC programs.	5,451,784	-	5,451,784	-
Roads and bridges.	13,762,286	-	13,762,286	-
Other purposes.	163	-	163	-
Debt service.	-	232,662	232,662	-
Unrestricted	12,328,667	854,649	13,183,316	1,084,399
Total net position	\$ 106,386,955	\$ 4,228,036	\$ 110,614,991	\$ 1,276,884

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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SENECA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive.	\$ 6,362,107	\$ 1,785,738	\$ 104,988	\$ 19,634
Judicial.	2,411,854	1,235,803	209,038	-
Public safety	6,695,159	2,216,021	706,660	-
Public works	6,523,903	724,573	4,445,511	1,023,944
Health.	9,401,062	1,939,489	2,519,617	-
Human services	7,477,486	273,209	5,808,651	-
Conservation and recreation	136,448	-	-	-
Community and economic development.	620,501	-	312,917	-
Interest and fiscal charges	110,643	-	-	-
Total governmental activities	39,739,163	8,174,833	14,107,382	1,043,578
Business-type activities:				
Emergency Medical Services	460,675	321,839	55,500	-
County Sewer District.	582,520	463,925	-	-
Total business-type activities	1,043,195	785,764	55,500	-
Totals	\$ 40,782,358	\$ 8,960,597	\$ 14,162,882	\$ 1,043,578
Component Unit:				
Seneca Re-Ad Industries, Inc	\$ 1,066,481	\$ 495,817	\$ 573,423	\$ -

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 Unit
Governmental Activities	Business-type Activities	Total	Seneca Re-Ad Industries, Inc.
\$ (4,451,747)	\$ -	\$ (4,451,747)	\$ -
(967,013)	-	(967,013)	-
(3,772,478)	-	(3,772,478)	-
(329,875)	-	(329,875)	-
(4,941,956)	-	(4,941,956)	-
(1,395,626)	-	(1,395,626)	-
(136,448)	-	(136,448)	-
(307,584)	-	(307,584)	-
(110,643)	-	(110,643)	-
<u>(16,413,370)</u>	<u>-</u>	<u>(16,413,370)</u>	<u>-</u>
-	(83,336)	(83,336)	-
<u>-</u>	<u>(118,595)</u>	<u>(118,595)</u>	<u>-</u>
-	(201,931)	(201,931)	-
<u>(16,413,370)</u>	<u>(201,931)</u>	<u>(16,615,301)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,759</u>
1,633,236	-	1,633,236	-
3,442,420	-	3,442,420	-
8,401,238	-	8,401,238	-
2,379,958	-	2,379,958	-
3,020	-	3,020	8,240
14,283	957	15,240	2,564
<u>1,087,638</u>	<u>23,152</u>	<u>1,110,790</u>	<u>4,029</u>
16,961,793	24,109	16,985,902	14,833
<u>(194,576)</u>	<u>194,576</u>	<u>-</u>	<u>-</u>
<u>16,767,217</u>	<u>218,685</u>	<u>16,985,902</u>	<u>14,833</u>
353,847	16,754	370,601	17,592
<u>106,033,108</u>	<u>4,211,282</u>	<u>110,244,390</u>	<u>1,259,292</u>
<u>\$ 106,386,955</u>	<u>\$ 4,228,036</u>	<u>\$ 110,614,991</u>	<u>\$ 1,276,884</u>

SENECA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Maintenance and Repair	Public Assistance	Seneca County Opportunity Center
Assets:				
Equity in pooled cash and investments	\$ 4,901,415	\$ 11,500,187	\$ 449,701	\$ 4,782,698
Cash and cash equivalents in segregated accounts	151,677	-	-	-
Receivables:				
Sales taxes	2,179,753	-	-	-
Property taxes	2,071,926	-	-	3,785,941
Accounts	222,627	3,756	30	94,231
Due from other funds	38,387	14,242	68,500	-
Interfund loans	70,301	-	-	1,070,000
Accrued interest	9,698	3,393	-	-
Intergovernmental	848,985	2,055,514	26,995	412,532
Loans	-	-	-	-
Loans to other funds	20,648	-	-	-
Materials and supplies inventory	57,538	408,396	-	9,323
Prepayments	143,158	1,791	14,142	45,886
Total assets	<u>\$ 10,716,113</u>	<u>\$ 13,987,279</u>	<u>\$ 559,368</u>	<u>\$ 10,200,611</u>
Liabilities:				
Accounts payable	\$ 233,247	\$ 29,799	\$ 35,862	\$ 209,513
Contracts payable	-	-	-	-
Accrued wages and benefits payable	357,251	48,595	108,661	269,238
Intergovernmental payable	400,858	36,218	73,032	220,612
Due to other funds	1,437	6	628	9,542
Interfund loans payable	-	-	-	-
Loans from other funds	-	-	-	-
Unearned revenue	8,294	-	-	4,042
Total liabilities	<u>1,001,087</u>	<u>114,618</u>	<u>218,183</u>	<u>712,947</u>
Deferred inflows of resources:				
Property taxes levied for the subsequent year	1,922,861	-	-	3,501,709
Delinquent property taxes not available	149,065	-	-	284,232
Accrued interest not available	9,194	3,190	-	-
Intergovernmental revenue not available	561,061	1,721,042	-	237,533
Sales taxes not available	841,207	-	-	-
Total deferred inflows of resources	<u>3,483,388</u>	<u>1,724,232</u>	<u>-</u>	<u>4,023,474</u>
Fund balances:				
Nonspendable	373,021	410,187	14,142	55,209
Restricted	-	11,738,242	327,043	5,408,981
Committed	11,855	-	-	-
Assigned	3,959,243	-	-	-
Unassigned (Deficit)	1,887,519	-	-	-
Total fund balances	<u>6,231,638</u>	<u>12,148,429</u>	<u>341,185</u>	<u>5,464,190</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,716,113</u>	<u>\$ 13,987,279</u>	<u>\$ 559,368</u>	<u>\$ 10,200,611</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,847,404	\$ 29,481,405
-	151,677
-	2,179,753
-	5,857,867
53,257	373,901
-	121,129
-	1,140,301
-	13,091
196,168	3,540,194
39,054	39,054
-	20,648
2,652	477,909
19,571	224,548
<u>\$ 8,158,106</u>	<u>\$ 43,621,477</u>
\$ 298,245	\$ 806,666
4,700	4,700
55,258	839,003
40,956	771,676
107,953	119,566
1,140,301	1,140,301
20,648	20,648
116,661	128,997
<u>1,784,722</u>	<u>3,831,557</u>
-	5,424,570
-	433,297
-	12,384
14,761	2,534,397
-	841,207
<u>14,761</u>	<u>9,245,855</u>
22,223	874,782
5,776,009	23,250,275
-	11,855
1,310,513	5,269,756
(750,122)	1,137,397
<u>6,358,623</u>	<u>30,544,065</u>
<u>\$ 8,158,106</u>	<u>\$ 43,621,477</u>

SENECA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total governmental fund balances	\$	30,544,065
<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.		71,757,905
Investments in joint ventures by the governmental activities are not financial resources and therefore are not reported in the funds.		4,618,406
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Sales taxes receivable	\$ 841,207	
Delinquent property taxes receivable	433,297	
Intergovernmental receivable	2,534,397	
Accrued interest receivable	12,384	
Total	3,821,285	3,821,285
On the statement of net position interest is accrued on outstanding bonds payable, whereas in the governmental funds interest is accrued when due.		(7,420)
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	(1,645,065)	
Capital lease payable	(7,049)	
General obligation bonds payable	(2,650,000)	
Loans payable	(45,172)	
Total	(4,347,286)	(4,347,286)
Net position of governmental activities	\$	<u>106,386,955</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Maintenance and Repair	Public Assistance	Seneca County Opportunity Center
Revenues:				
Property taxes	\$ 1,623,769	\$ -	\$ -	\$ 3,456,482
Sales taxes	8,365,817	-	-	-
Special assessments	-	-	-	-
Charges for services	3,996,572	395,799	-	1,662,897
Licenses and permits	3,156	-	-	-
Fines and forfeitures	193,003	33,910	-	-
Intergovernmental	1,968,174	4,126,876	4,231,517	3,218,795
Interest	17,611	(15,807)	-	-
Rent	97,515	-	-	62,573
Contributions and donations	3,020	-	-	3,426
Other	632,676	22,180	100,131	303,029
Total revenues	<u>16,901,313</u>	<u>4,562,958</u>	<u>4,331,648</u>	<u>8,707,202</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,495,886	-	-	-
Judicial	2,142,975	-	-	-
Public safety	5,837,324	-	-	-
Public works	37,683	4,729,793	-	-
Health	323,018	-	-	8,736,806
Human services	296,170	-	4,658,089	-
Conservation and recreation	112,600	-	-	-
Community and economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	7,441	272,752	-	-
Interest and fiscal charges	721	-	-	-
Total expenditures	<u>14,253,818</u>	<u>5,002,545</u>	<u>4,658,089</u>	<u>8,736,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,647,495</u>	<u>(439,587)</u>	<u>(326,441)</u>	<u>(29,604)</u>
Other financing sources (uses):				
Sale of capital assets	6,360	-	-	-
Transfers in	904	40,020	226,561	-
Transfers (out)	<u>(1,807,295)</u>	<u>(12,041)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,800,031)</u>	<u>27,979</u>	<u>226,561</u>	<u>-</u>
Net change in fund balances	847,464	(411,608)	(99,880)	(29,604)
Fund balances at beginning of year	<u>5,384,174</u>	<u>12,560,037</u>	<u>441,065</u>	<u>5,493,794</u>
Fund balances at end of year	<u>\$ 6,231,638</u>	<u>\$ 12,148,429</u>	<u>\$ 341,185</u>	<u>\$ 5,464,190</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 5,080,251
-	8,365,817
229,500	229,500
830,914	6,886,182
205,841	208,997
234,824	461,737
4,468,081	18,013,443
904	2,708
155,802	315,890
5,974	12,420
102,256	1,160,272
<u>6,234,096</u>	<u>40,737,217</u>
376,857	5,872,743
306,734	2,449,709
752,848	6,590,172
166,565	4,934,041
211,866	9,271,690
2,521,537	7,475,796
-	112,600
620,501	620,501
1,387,507	1,387,507
480,314	760,507
110,912	111,633
<u>6,935,641</u>	<u>39,586,899</u>
<u>(701,545)</u>	<u>1,150,318</u>
-	6,360
1,398,199	1,665,684
(40,924)	(1,860,260)
<u>1,357,275</u>	<u>(188,216)</u>
655,730	962,102
5,702,893	29,581,963
<u>\$ 6,358,623</u>	<u>\$ 30,544,065</u>

SENECA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - total governmental funds	\$	962,102
 <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	\$ 2,944,094	
Current year depreciation	<u>(3,254,550)</u>	
Total		(310,456)
 The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position.		
		(523,942)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	35,421	
Property taxes	(4,595)	
Intergovernmental revenues	(492,032)	
Investment income	<u>11,575</u>	
Total		(449,631)
 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.		
		(89,480)
 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.		
		760,507
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		990
 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.		
		<u>3,757</u>
Change in net position of governmental activities	\$	<u><u>353,847</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,606,000	\$ 1,623,769	\$ 1,623,769	\$ -
Sales taxes	7,642,952	8,301,091	8,301,091	-
Charges for services	3,719,882	3,835,554	3,852,556	17,002
Licenses and permits	2,810	3,111	3,156	45
Fines and forfeitures	194,500	177,290	186,389	9,099
Interest	45,550	42,869	44,462	1,593
Rent	94,404	65,124	97,515	32,391
Other	53,700	691,047	622,885	(68,162)
Total revenues	<u>15,100,469</u>	<u>16,647,412</u>	<u>16,719,527</u>	<u>72,115</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,542,095	6,300,799	6,020,158	280,641
Judicial	2,473,633	2,458,241	2,331,495	126,746
Public safety	5,736,942	5,923,438	5,879,396	44,042
Public works	58,431	65,650	56,435	9,215
Health	140,704	350,227	340,227	10,000
Human services	570,111	520,021	457,210	62,811
Total expenditures	<u>14,615,516</u>	<u>15,730,976</u>	<u>15,197,521</u>	<u>533,455</u>
Excess of revenues over expenditures	<u>484,953</u>	<u>916,436</u>	<u>1,522,006</u>	<u>605,570</u>
Other financing sources (uses):				
Sale of capital assets	-	6,360	6,360	-
Advances in	-	-	58,628	58,628
Advances (out)	-	-	(98,845)	(98,845)
Transfers in	-	1,085	1,085	-
Transfers (out)	(1,366,392)	(2,052,470)	(2,051,795)	675
Total other financing sources (uses)	<u>(1,366,392)</u>	<u>(2,045,025)</u>	<u>(2,084,567)</u>	<u>(39,542)</u>
Net change in fund balance	(881,439)	(1,128,589)	(562,561)	566,028
Fund balance at beginning of year	2,353,626	2,353,626	2,353,626	-
Prior year encumbrances appropriated	932,228	932,228	932,228	-
Fund balance at end of year	<u>\$ 2,404,415</u>	<u>\$ 2,157,265</u>	<u>\$ 2,723,293</u>	<u>\$ 566,028</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 384,964	\$ 384,964	\$ 416,693	\$ 31,729
Fines and forfeitures	32,165	32,165	34,117	1,952
Intergovernmental	3,787,102	3,787,102	4,493,505	706,403
Interest	7,537	7,537	3,526	(4,011)
Other	-	-	22,180	22,180
Total revenues	<u>4,211,768</u>	<u>4,211,768</u>	<u>4,970,021</u>	<u>758,253</u>
Expenditures:				
Current:				
Public works	<u>4,639,588</u>	<u>5,752,655</u>	<u>5,216,649</u>	<u>536,006</u>
Excess of expenditures over revenues	<u>(427,820)</u>	<u>(1,540,887)</u>	<u>(246,628)</u>	<u>1,294,259</u>
Other financing sources (uses):				
Advances in	-	-	248,000	248,000
Transfers in	-	-	40,020	40,020
Transfers (out)	-	(12,041)	(12,041)	-
Total other financing sources (uses)	<u>-</u>	<u>(12,041)</u>	<u>275,979</u>	<u>288,020</u>
Net change in fund balance	(427,820)	(1,552,928)	29,351	1,582,279
Fund balance at beginning of year	11,025,501	11,025,501	11,025,501	-
Prior year encumbrances appropriated	318,189	318,189	318,189	-
Fund balance at end of year	<u>\$ 10,915,870</u>	<u>\$ 9,790,762</u>	<u>\$ 11,373,041</u>	<u>\$ 1,582,279</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 3,925,000	\$ 4,333,687	\$ 4,370,372	\$ 36,685
Other	24,000	85,700	100,102	14,402
Total revenues	<u>3,949,000</u>	<u>4,419,387</u>	<u>4,470,474</u>	<u>51,087</u>
Expenditures:				
Current:				
Health	<u>4,015,961</u>	<u>4,899,906</u>	<u>4,828,956</u>	<u>70,950</u>
Excess of expenditures over revenues	<u>(66,961)</u>	<u>(480,519)</u>	<u>(358,482)</u>	<u>122,037</u>
Other financing uses:				
Transfers in	<u>127,036</u>	<u>126,561</u>	<u>226,561</u>	<u>100,000</u>
Net change in fund balance	60,075	(353,958)	(131,921)	222,037
Fund balance at beginning of year	272,596	272,596	272,596	-
Prior year encumbrances appropriated . . .	118,626	118,626	118,626	-
Fund balance at end of year	<u>\$ 451,297</u>	<u>\$ 37,264</u>	<u>\$ 259,301</u>	<u>\$ 222,037</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 SENECA COUNTY OPPORTUNITY CENTER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 3,268,817	\$ 3,456,482	\$ 3,456,482	\$ -
Charges for services	1,730,000	1,730,000	1,780,537	50,537
Intergovernmental	3,399,587	3,252,721	3,370,189	117,468
Rent	66,038	66,038	66,615	577
Contributions and donations.	3,975	3,400	3,426	26
Other.	205,047	194,547	251,216	56,669
Total revenues	<u>8,673,464</u>	<u>8,703,188</u>	<u>8,928,465</u>	<u>225,277</u>
Expenditures:				
Current:				
Health.	<u>13,140,846</u>	<u>13,238,142</u>	<u>9,095,721</u>	<u>4,142,421</u>
Excess of expenditures over revenues	<u>(4,467,382)</u>	<u>(4,534,954)</u>	<u>(167,256)</u>	<u>4,367,698</u>
Other financing sources (uses):				
Transfers in	66,150	-	-	-
Transfers (out).	<u>(480,690)</u>	<u>(60,994)</u>	<u>-</u>	<u>60,994</u>
Total other financing sources (uses)	<u>(414,540)</u>	<u>(60,994)</u>	<u>-</u>	<u>60,994</u>
Net change in fund balance	(4,881,922)	(4,595,948)	(167,256)	4,428,692
Fund balance at beginning of year	4,954,242	4,954,242	4,954,242	-
Prior year encumbrances appropriated	498,646	498,646	498,646	-
Fund balance at end of year	<u>\$ 570,966</u>	<u>\$ 856,940</u>	<u>\$ 5,285,632</u>	<u>\$ 4,428,692</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds		
	Emergency Medical Services	County Sewer District	Total
Assets:			
Current assets:			
Equity in pooled cash and investments	\$ 270,943	\$ 722,796	\$ 993,739
Receivables:			
Accounts	62,620	141,099	203,719
Accrued interest.	-	12	12
Notes	-	13,651	13,651
Prepayments	5	50	55
Total current assets	<u>333,568</u>	<u>877,608</u>	<u>1,211,176</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable capital assets	-	26,243	26,243
Depreciable capital assets, net	210,655	5,992,667	6,203,322
Total capital assets, net.	<u>210,655</u>	<u>6,018,910</u>	<u>6,229,565</u>
Total assets.	<u>544,223</u>	<u>6,896,518</u>	<u>7,440,741</u>
Liabilities:			
Current liabilities:			
Accounts payable	11,954	12,587	24,541
Accrued wages and benefits payable.	7,495	3,169	10,664
Due to other funds	1,048	515	1,563
Due to other governments	43,192	9,293	52,485
Accrued interest payable	-	21,186	21,186
Compensated absences payable.	2,859	-	2,859
Revenue bonds payable.	-	50,000	50,000
OPWC loans payable	-	684	684
Total current liabilities	<u>66,548</u>	<u>97,434</u>	<u>163,982</u>
Long-term liabilities:			
Compensated absences payable.	10,567	-	10,567
Revenue bonds payable	-	3,031,652	3,031,652
OPWC loans payable	-	6,504	6,504
Total long-term liabilities	<u>10,567</u>	<u>3,038,156</u>	<u>3,048,723</u>
Total liabilities.	<u>77,115</u>	<u>3,135,590</u>	<u>3,212,705</u>
Net position:			
Net investment in capital assets	210,655	2,930,070	3,140,725
Restricted for debt service	-	232,662	232,662
Unrestricted.	256,453	598,196	854,649
Total net position.	<u>\$ 467,108</u>	<u>\$ 3,760,928</u>	<u>4,228,036</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds		
	Emergency Medical Services	County Sewer District	Total
Operating revenues:			
Charges for services	\$ -	\$ 450,284	\$ 450,284
Tap-in fees	-	13,641	13,641
Patient fees.	321,839	-	321,839
Other operating revenues.	20,477	2,675	23,152
Total operating revenues.	<u>342,316</u>	<u>466,600</u>	<u>808,916</u>
Operating expenses:			
Personal services	202,729	73,424	276,153
Contract services	130,235	228,612	358,847
Materials and supplies	58,053	12,059	70,112
Depreciation	37,015	182,034	219,049
Other	32,643	635	33,278
Total operating expenses	<u>460,675</u>	<u>496,764</u>	<u>957,439</u>
Operating loss	<u>(118,359)</u>	<u>(30,164)</u>	<u>(148,523)</u>
Nonoperating revenues (expenses):			
Interest income	-	957	957
Interest and fiscal charges	-	(85,756)	(85,756)
Grants and subsidies	55,500	-	55,500
Total nonoperating revenues (expenses)	<u>55,500</u>	<u>(84,799)</u>	<u>(29,299)</u>
Loss before transfers.	(62,859)	(114,963)	(177,822)
Transfer in	194,576	-	194,576
Change in net position	131,717	(114,963)	16,754
Net position at beginning of year	<u>335,391</u>	<u>3,875,891</u>	<u>4,211,282</u>
Net position at end of year	<u>\$ 467,108</u>	<u>\$ 3,760,928</u>	<u>\$ 4,228,036</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds		
	Emergency Medical Services	County Sewer District	Total
Cash flows from operating activities:			
Cash received from customers	\$ 319,478	\$ 436,433	\$ 755,911
Cash received from tap-in fees	-	66,418	66,418
Cash received from other operations	20,477	2,718	23,195
Cash payments for personal services	(188,644)	(72,981)	(261,625)
Cash payments for contractual services	(130,189)	(232,620)	(362,809)
Cash payments for materials and supplies	(50,341)	(12,125)	(62,466)
Cash payments for other expenses	(32,016)	(635)	(32,651)
Net cash provided by (used in) operating activities. . .	<u>(61,235)</u>	<u>187,208</u>	<u>125,973</u>
Cash flows from noncapital financing activities:			
Cash received from grants and subsidies	55,500	-	55,500
Cash received from transfers in.	194,576	-	194,576
Net cash provided by noncapital financing activities. . .	<u>250,076</u>	<u>-</u>	<u>250,076</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(213,001)	-	(213,001)
Capital contributions	-	103,836	103,836
Principal retirement on revenue bonds.	-	(49,000)	(49,000)
Principal retirement on loans.	-	(684)	(684)
Interest and fiscal charges	-	(86,093)	(86,093)
Net cash used in capital and related financing activities.	<u>(213,001)</u>	<u>(31,941)</u>	<u>(244,942)</u>
Cash flows from investing activities:			
Interest received	-	1,028	1,028
Net cash provided by investing activities.	<u>-</u>	<u>1,028</u>	<u>1,028</u>
Net increase (decrease) in cash and cash equivalents	(24,160)	156,295	132,135
Cash and cash equivalents at beginning of year	295,103	566,501	861,604
Cash and cash equivalents at end of year	<u>\$ 270,943</u>	<u>\$ 722,796</u>	<u>\$ 993,739</u>

(Continued)

SENECA COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Emergency Medical Services</u>	<u>County Sewer District</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (118,359)	\$ (30,164)	\$ (148,523)
Adjustments:			
Depreciation	37,015	182,034	219,049
Changes in assets and liabilities:			
Accounts receivable.	(2,361)	(12,778)	(15,139)
Notes receivable	-	52,777	52,777
Prepayments.	270	46	316
Accounts payable	4,224	3,589	7,813
Accrued wages and benefits	1,165	290	1,455
Intergovernmental payable	9,112	(7,677)	1,435
Amounts due to other funds.	395	121	516
Compensated absences payable	7,304	-	7,304
Unearned revenue.	-	(1,030)	(1,030)
Net cash provided by (used in) operating activities. . . .	<u>\$ (61,235)</u>	<u>\$ 187,208</u>	<u>\$ 125,973</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2014

	Agency
Assets:	
<i>Current assets:</i>	
Equity in pooled cash and investments	\$ 7,193,946
Cash in segregated accounts.	330,483
Receivables:	
Accounts	1,584,004
Intergovernmental.	2,990,921
Taxes	42,377,093
Prepayments.	52,394
Total assets	\$ 54,528,841
Liabilities:	
<i>Current liabilities:</i>	
Accrued wages and benefits.	\$ 93,794
Intergovernmental payable	47,393,897
Compensated absences	260,420
Undistributed monies	5,913,928
Deposits held and due to others.	866,802
Total liabilities	\$ 54,528,841

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - REPORTING ENTITY

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

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

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

Component Unit - The component unit column on the entity-wide financial statements includes the financial data of the County's discretely presented component unit Seneca Re-Ad Industries, Inc. This is reported in a separate column to emphasize that it is legally separate from the County. Information in the following notes is applicable to the primary government. Information relative to the component unit is presented in Note 21.

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, OH45840.

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 1 - REPORTING ENTITY - (Continued)

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

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

The following organizations are joint ventures and pools in which the County participates. The financial information for these organizations is presented in Notes 19 and 20.

Sandusky County - Seneca County - City of Tiffin Port Authority

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

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

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 1 - REPORTING ENTITY - (Continued)

Mental Health and Recovery Services (MHRS)

The Mental Health and Recovery Services Board is a joint venture between Seneca, Sandusky and Wyandot counties. The headquarters for the Mental Health Board is in Seneca County. The Board provides community services to mentally ill and emotionally disturbed persons. Statutorily created, the Mental Health Board is made of 14 members; 8 of the members are appointed by the county commissioners of each respective county, 6 are appointed by the State Department of Mental Health, and 4 are appointed by the State of Ohio Department of Alcohol and Drug Addiction Services. Revenues to provide mental health services are generated through state and federal grants. The Mental Health Board adopts its own budget, hires and fires staff and does not rely on the County to finance deficits. Seneca County is acting as fiscal agent to the Mental Health Board.

Northland Homes and Properties, Inc.

Northland Homes and Properties, Inc. is a not-for-profit corporation organized for charitable purposes under Section 501(c)(3) of the Internal Revenue Code of 1986. The corporation is a joint venture of the Board of DD of Seneca, Marion and Crawford 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. (CORS)

The County is a member of CORS, which is a risk sharing pool among thirty-six counties in Ohio. CORS was formed as an Ohio nonprofit corporation for the purpose of establishing the CORS 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 CORS. 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 CORS 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 CORS is limited to its voting authority and any representation it may have on the Board of Trustees.

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 1 - REPORTING ENTITY - (Continued)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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.

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.

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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 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

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations and other revenues received in advance of the year for which they were intended to finance, have been recorded as a deferred inflow of resources. Sales taxes not received within the available period, grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2014, are recorded as deferred inflows of resources in the governmental fund financial statements.

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

Expenses/Expenditures

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates the need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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 2014.

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

F. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash investments". During 2014, investments were limited to STAROhio, 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 (FFCB) securities, Federal National Mortgage Association (FNMA) securities and U.S. Bank commercial paper.

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

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price at which the investment could be sold on December 31, 2014. 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 2014 was \$17,611, which includes approximately \$17,408 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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

G. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2014 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 loans receivable is offset by a nonspendable, restricted, or committed fund balance in the governmental fund types.

J. Capital Assets

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

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

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

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

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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.

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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 positionis available.

O. Fund Balance

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

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

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

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

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

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

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

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

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 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 2014.

T. Estimates

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

NOTE 3- ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2014, the County has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 3- ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the County.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the County.

B. Deficit Fund Balances

Fund balances at December 31, 2014 included the following individual fund deficits:

<u>Nonmajor governmental funds:</u>	<u>Deficit</u>
Sheriff Highway Safety Grant	\$ 2,867
Rural Law Enforcement Assistance	683
Capital Facilities Note Retirement	153,495
Wolf Creek Ditch Project	15,000
Energy Improvement Construction Capital Projects	578,077

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

NOTE 4 -DEPOSITS AND INVESTMENTS

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

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

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

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in 1 or 2 above, or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed two-hundred-seventy days and in an amount not to exceed 10 percent of the County's total average portfolio.

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

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

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

A. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of the County's deposits was \$23,712,704 of which \$330,483 is held in segregated accounts. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$20,368,096 of the County's bank balance of \$23,415,810 was exposed to custodial risk as discussed below, while \$3,047,714 was covered by the Federal Deposit Insurance Corporation.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

B. Cash on Hand

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

C. Investments

As of December 31, 2014, the County had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 months
STAR Ohio	\$ 7,227	\$ 7,227	\$ -	\$ -	\$ -	\$ -
Commercial paper	200,000	200,000	-	-	-	-
Negotiable CD's	7,624,888	244,034	1,973,065	1,240,867	1,232,125	2,934,797
U.S. Government money market	5,272	5,272	-	-	-	-
FHLB	667,113	-	-	-	667,113	-
FHLMC	2,214,230	-	-	-	-	2,214,230
FFCB	2,100,047	-	-	-	-	2,100,047
FNMA	1,617,762	-	-	-	-	1,617,762
Total	\$ 14,436,539	\$ 456,533	\$ 1,973,065	\$ 1,240,867	\$ 1,899,238	\$ 8,866,836

The weighted average maturity of investments is 2.88 years.

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

Credit Risk: STAR Ohio and the U.S. Government money market account assigned an AAAM rating from Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The County's investments in federal agency securities were rated AA+ and Aaa by Standard & 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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 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, 2014 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 7,227	0.05
Commercial paper	200,000	1.39
Negotiable CD's	7,624,888	52.81
U.S. Government money market	5,272	0.04
FHLB	667,113	4.62
FHLMC	2,214,230	15.33
FFCB	2,100,047	14.55
FNMA	<u>1,617,762</u>	<u>11.21</u>
Total	<u>\$ 14,436,539</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, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 23,712,704
Investments	14,436,539
Cash on hand	<u>2,007</u>
Total	<u>\$ 38,151,250</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 29,633,082
Business-type activities	993,739
Agency funds	<u>7,524,429</u>
Total	<u>\$ 38,151,250</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Long-term interfund loans to/from other funds consisted of the following at December 31, 2014, as reported on the fund financial statements:

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Receivable fund	Payable funds	Amount
General	<i>Nonmajor Governmental Funds:</i> Sheriff Highway Safety Grant Wolf Creek Ditch Project	\$ 15,000 <u>5,648</u>
	Total loans to/from other funds	<u>\$ 20,648</u>

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

- B.** Short-term interfund loans receivable/payable consisted of the following at December 31, 2014, as reported on the fund financial statements:

Receivable fund	Payable funds	Amount
General	<i>Nonmajor governmental funds:</i> Emergency Management Agency Youth Center Construction Sheriff Highway Safety Grant Water Pollution Control Loan Fund Rural Law Enforcement Assistance	 \$ 15,079 1,672 3,800 46,750 3,000
Seneca County Opportunity Center	<i>Nonmajor governmental funds:</i> Energy Improvement Construction Capital Facilities Note Retirement	 910,000 <u>160,000</u>
	Total short-term interfund loans payable/receivable	<u>\$ 1,140,301</u>

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

The short-term interfund loans receivable balances in the general and maintenance and repair funds resulted from advances made to provide working capital for operations and other projects. All advances were authorized by resolution of the County Commissioners. Short-term interfund loans between governmental funds are eliminated for reporting on the statement of net position.

- C.** Amounts due to/from other funds consisted of the following at December 31, 2014, as reported on the fund financial statements:

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Due to other funds (payable):	Due from other funds (receivable):			
	General	Maintenance and Repair	Public Assistance	Total
General		\$ 1,437		\$ 1,437
Maintenance and Repair	\$6			6
Public Assistance		628		628
Seneca County Operating Center		9,542		9,542
Nonmajor Governmental Funds	38,119	1,334	\$68,500	107,953
EMS Enterprise	3	1,045		1,048
County Sewer District	259	256		515
Total	<u>\$ 38,387</u>	<u>\$ 14,242</u>	<u>\$ 68,500</u>	<u>\$ 121,129</u>

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

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

Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund financial statements:

Transfer to:	Transfer from:			
	General	Maintenance and Repair	Nonmajor Governmental	Total
General	\$ -	\$ -	\$ 904	\$ 904
Maintenance and repair	-	-	40,020	40,020
Public assistance	226,561	-	-	226,561
Nonmajor governmental	1,386,158	12,041	-	1,398,199
EMS	194,576	-	-	194,576
Total	<u>\$ 1,807,295</u>	<u>\$ 12,041</u>	<u>\$ 40,924</u>	<u>\$ 1,860,260</u>

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

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

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 6 - PROPERTY TAXES - (Continued)

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. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 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, 2014 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 2014 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, 2014 was \$8.10 per \$1,000 of assessed value. \$1.90 per \$1,000 of assessed value is levied for the general operations, while the remaining \$6.20 is levied for the Seneca County Opportunity Center.

The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

Real Property	\$ 918,294,220	94.01 %
Public Utility Personal Property	<u>58,554,110</u>	<u>5.99 %</u>
Total Assessed Value	<u>\$ 976,848,330</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 2014. 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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 8 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, interest, accounts (billings for user charged services including unbilled utility services), loans (community development block grant monies loaned to local businesses) and intergovernmental receivables arising from grants, entitlements and shared revenues. All intergovernmental revenues are considered collectible in full. Sewer enterprise fund receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

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

Loans receivable to be collected in the CDBG fund (a nonmajor governmental fund) amount to 39,054, of which \$35,591 is expected to be collected in more than one year.

A summary of the principal items of intergovernmental receivables follows:

<i>Fund Type/Fund</i>	<i>Description</i>	<i>Amount</i>
Major Funds		
General Fund	Local Government	\$ 383,961
	Homestead and Rollback	135,106
	Miscellaneous Grants	965
	Casino revenue	325,791
	Fees and Reimbursements	<u>3,162</u>
<i>Total General Fund</i>		<u>848,985</u>
Maintenance and Repair	Motor Vehicle License	935,306
	Gasoline Tax	<u>1,120,208</u>
<i>Total Maintenance and Repair</i>		<u>2,055,514</u>

(Continued)

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 8 - RECEIVABLES - (Continued)

<i>Fund Type/Fund</i>	<i>Description</i>	<i>Amount</i>
Public Assistance	Wellness Grant	2,501
	H-9 Transfers	24,494
	<i>Total Public Assistance</i>	<u>26,995</u>
Seneca County Opportunity Center	Homestead and Rollback	204,790
	Title VI-B Grant	14,294
	Title XX Grant	10,130
	Title XIX	131,028
	National School Lunch Subsidy	1,006
	MAC-RMTS	51,284
	<i>Total Seneca County Opportunity Center</i>	<u>412,532</u>
Nonmajor Governmental Funds		
Child Support Enforcement Grant	Federal Grant	32,937
CDBG Projects	Federal Grant	68,959
Workforce Investment Act Grant	Federal Grant	51,376
Children Services	Federal Grant	12,741
Children Services	Reimbursements	11,152
Emergency Management Agency	Local Services	195
Juvenile Court Programs	Local Services	280
Victims of Crime Act Grant	Federal and State Grants	4,673
Victims of Crime Act Grant	Local Services	278
Sheriff Highway Safety Grant	Federal Grant	3,725
Youth Center Construction	State Grant	1,672
Wireless 911	Federal Grant	5,708
Rural Law Enforcement Assistance	Federal Grant	2,472
	<i>Total Nonmajor Governmental Funds</i>	<u>196,168</u>
Total Governmental Funds		<u>\$ 3,540,194</u>

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014:

Governmental Activities:	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
<i>Non-depreciable Capital Assets</i>				
Land and Improvements	\$ 20,829,776	\$ -	\$ -	\$ 20,829,776
Construction in Progress	542,722	129,355	-	672,077
Total Non-depreciable Capital Assets	21,372,498	129,355	-	21,501,853
<i>Depreciable Capital Assets:</i>				
Land Improvements	385,222	-	-	385,222
Buildings and Improvements	30,096,240	420,587	-	30,516,827
Machinery and Equipment	11,506,146	538,168	(449,983)	11,594,331
Infrastructure	49,805,115	1,855,984	(2,432,573)	49,228,526
Total Depreciable Capital Assets	91,792,723	2,814,739	(2,882,556)	91,724,906
Less: Accumulated Depreciation:				
Land Improvements	(25,681)	(25,681)	-	(51,362)
Buildings and Building Improvements	(15,259,797)	(888,386)	-	(16,148,183)
Machinery and Equipment	(9,528,588)	(514,711)	442,504	(9,600,795)
Infrastructure	(15,758,852)	(1,825,772)	1,916,110	(15,668,514)
Total Accumulated Depreciation	(40,572,918)	(3,254,550)	2,358,614	(41,468,854)
Total Depreciable Capital Assets, Net	51,219,805	(439,811)	(523,942)	50,256,052
Total Governmental Activities Capital Assets, Net	\$ 72,592,303	\$ (310,456)	\$ (523,942)	\$ 71,757,905

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities:</u>	
General government:	
Legislative and executive	\$ 946,552
Judicial	47,241
Public safety	213,968
Public works	1,894,704
Health	89,145
Human services	39,092
Conservation and recreation	23,848
Total Depreciation Expense	\$ 3,254,550

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 9 - CAPITAL ASSETS - (Continued)

Business-type Activities:	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
<i>Non-depreciable Capital Assets</i>				
Land and Improvements	\$ 26,243	\$ -	\$ -	\$ 26,243
	<u>26,243</u>	<u>-</u>	<u>-</u>	<u>26,243</u>
<i>Depreciable Capital Assets</i>				
Buildings and Improvements	218,465	-	-	218,465
Machinery and Equipment	1,055,291	213,001	(46,032)	1,222,260
Infrastructure	6,708,356	-	-	6,708,356
Total Depreciable Capital Assets	<u>7,982,112</u>	<u>213,001</u>	<u>(46,032)</u>	<u>8,149,081</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(129,484)	(7,837)	-	(137,321)
Machinery and Equipment	(1,005,010)	(42,002)	46,032	(1,000,980)
Infrastructure	(638,248)	(169,210)	-	(807,458)
Total Accumulated Depreciation	<u>(1,772,742)</u>	<u>(219,049)</u>	<u>46,032</u>	<u>(1,945,759)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>6,209,370</u>	<u>(6,048)</u>	<u>-</u>	<u>6,203,322</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,235,613</u>	<u>\$ (6,048)</u>	<u>\$ -</u>	<u>\$ 6,229,565</u>

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

Business-Type Activities:

EMS enterprise	\$ 182,034
County Sewer District enterprise	37,015
Total Depreciation Expense	<u>\$ 219,049</u>

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 2014 totaled \$7,441 and were paid by the general fund. As of December 31, 2014, the liability for capital lease obligation included in the long-term liabilities of governmental activities totaled \$7,049.

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, 2014:

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2015	\$ 4,228
2016	3,000
2017	<u>250</u>
Total	7,478
Less: amount representing interest	<u>(429)</u>
Present value of net minimum lease payments	<u>\$ 7,049</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2014 is as follows:

	<u>Outstanding</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding</u> <u>12/31/14</u>	<u>Amount Due</u> <u>Within One Year</u>
<i>Governmental Activities</i>					
General Obligation Bonds	\$ 3,125,000	\$ -	\$ (475,000)	\$ 2,650,000	\$ 485,000
Compensated Absences	1,652,615	55,126	(62,676)	1,645,065	399,782
OWDA On-Lot Septic Loan	50,486	-	(5,314)	45,172	5,314
OPWC Loan	272,752	-	(272,752)	-	-
Capital Lease Payable	<u>14,490</u>	<u>-</u>	<u>(7,441)</u>	<u>7,049</u>	<u>3,910</u>
Governmental Activities	<u>\$ 5,115,343</u>	<u>\$ 55,126</u>	<u>\$ (823,183)</u>	<u>\$ 4,347,286</u>	<u>\$ 894,006</u>
<i>Business-type Activities</i>					
Sewer District Improvement					
Revenue Bonds	\$ 3,130,652	\$ -	\$ (49,000)	\$ 3,081,652	\$ 50,000
Compensated Absences	6,122	7,304	-	13,426	2,859
OPWC Sewer Project Loan	<u>7,872</u>	<u>-</u>	<u>(684)</u>	<u>7,188</u>	<u>684</u>
Business-type Activities	<u>\$ 3,144,646</u>	<u>\$ 7,304</u>	<u>\$ (49,684)</u>	<u>\$ 3,102,266</u>	<u>\$ 53,543</u>

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 of 2.00-5.00 percent. At December 31, 2014, the County had \$2,650,000 in general obligation bonds outstanding. The general obligation refunding bonds are paid from the bond retirement fund (a nonmajor governmental fund) by money received from the leases to the various departments and other offices that also occupy the building and the balance from the General fund.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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, 2014, the amount of defeased debt amounted to \$2,620,000.

Sewer District Improvement Revenue Bonds

On June 21, 2012, the County authorized the issuance of \$3,212,000 in sewer district improvement revenue bonds at an interest rate of 2.75% for the acquisition and construction of sewer systems throughout the County. This issuance is composed of \$1,712,000 in series 2012A revenue bonds, \$400,000 in series 2012B revenue bonds, and \$1,100,000 in series 2012C revenue bonds. The bonds are liabilities of the County Sewer District enterprise fund, are payable with charges for sewer service, and are backed by the full faith and credit of the County should these revenues be insufficient to satisfy future debt service requirements. Principal and interest payments on the bonds during 2014 required 88.40 percent of net revenues and 28.95 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$4,925,284. Principal and interest paid for the current year was \$135,093, total net revenues were \$152,827 and total revenues were \$466,600.

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

Loans Payable

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

The County has two loans from the Ohio Public Works Commission (OPWC). The first OPWC loan for the Honey Creek Sewer Separation Project is reported as a liability of the County Sewer District enterprise fund and is paid directly from the user fees charged to residents of the sewer district. The second OPWC loan for County Road 20/36/62 Pavement Resurfacing is reported as a liability of the governmental activities, payments for which will be made from the Maintenance and Repair fund. The OPWC loans are interest free loans. There were no further obligations outstanding on the County Road 20/36/62 Pavement Resurfacing Loan.

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

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Legal Debt Margin

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$21,469,751 at December 31, 2014 and the unvoted legal debt margin was \$8,317,026 at December 31, 2014.

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
2015	\$ 485,000	\$ 89,043	\$ 574,043	\$ 5,314	\$ -	\$ 5,314
2016	485,000	75,705	560,705	5,314	-	5,314
2017	510,000	61,155	571,155	5,314	-	5,314
2018	530,000	44,580	574,580	5,314	-	5,314
2019	115,000	26,560	141,560	5,314	-	5,314
2020 - 2023	525,000	55,196	580,196	18,602	-	18,602
Total	<u>\$ 2,650,000</u>	<u>\$ 352,239</u>	<u>\$ 3,002,239</u>	<u>\$ 45,172</u>	<u>\$ -</u>	<u>\$ 45,172</u>

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

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	OPWC Sewer Project Loan			Sewer District Improvement Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 684	\$ -	\$ 684	\$ 50,000	\$ 84,745	\$ 134,745
2016	684	-	684	51,000	83,371	134,371
2017	684	-	684	53,000	81,967	134,967
2018	685	-	685	54,000	80,510	134,510
2019	685	-	685	56,000	79,025	135,025
2020 - 2024	3,424	-	3,424	304,000	371,173	675,173
2025 - 2029	342	-	342	345,000	327,201	672,201
2030 - 2034	-	-	-	397,000	277,041	674,041
2035 - 2039	-	-	-	454,000	219,293	673,293
2040 - 2044	-	-	-	519,000	153,428	672,428
2045 - 2049	-	-	-	597,000	77,913	674,913
2050 - 2051	-	-	-	201,652	7,965	209,617
Total	<u>\$ 7,188</u>	<u>\$ -</u>	<u>\$ 7,188</u>	<u>\$ 3,081,652</u>	<u>\$ 1,843,632</u>	<u>\$ 4,925,284</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 \$124,647,879, which includes builders risk coverage.

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

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

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

B. Worker's Compensation

The County participates in the County Commissioners Association of Ohio Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program is intended to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants of the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. In order to allocate the savings derived by formation of the Program, and to maximize the number of

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 12 - RISK MANAGEMENT (Continued)

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

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

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

NOTE 13 - EMPLOYEE BENEFITS

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

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 14 - PENSION PLANS - (Continued)

the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 member and employer 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 2014 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 13.00%, respectively. The County's contribution rate for 2014 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

The County's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. For those plan members in law enforcement and public safety pension contributions were 16.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$2,055,766, \$2,136,829, and \$1,646,160, respectively; 91.74% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the Member-Directed Plan for 2014 were \$38,518 made by the County and \$27,513 made by the plan members.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 9.50% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 14 - PENSION PLANS - (Continued)

Plan payment is payable to a member on or after age 60 with five years of service credit; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For January 1, 2014 through June 30, 2014, plan members were required to contribute 11.00% of their annual covered salaries. For July 1, 2014 through December 31, 2014, plan members were required to contribute 12.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations for January 1, 2014 through June 30, 2014 and 14.00% was the portion used to fund pension obligations for July 1, 2014 through December 31, 2014. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14.00% for members and 14.00% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2014, 2013 and 2012 were \$64,542, \$67,434 and \$66,845, respectively; 100% has been contributed for 2014, 2013 and 2012.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014 local government employers contributed 14.00% of covered payroll (18.10% for public safety and

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 15 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

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 post-employment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

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, 2014, 2013, and 2012 were \$333,730, \$160,446, and \$644,704, respectively; 91.74% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 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.

B. State Teachers Retirement System of Ohio

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" 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. From January 1, 2014 through June 30, 2014, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. From July 1, 2014 through December 31, 2014, STRS Ohio did not allocate any percentage of employer contributions to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2014, 2013 and 2012 were \$4,965, \$5,187 and \$5,141, respectively; 100% has been contributed for 2014, 2013 and 2012.

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:

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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:

Net Change in Fund Balance

	General Fund	Maintenance and Repair Fund	Public Assistance	Seneca County Opportunity Center
Budget basis	\$ (562,561)	\$ 29,351	\$ (131,921)	\$ (167,256)
Net adjustment for revenue accruals	(130,033)	(407,063)	(138,826)	(221,263)
Net adjustment for expenditure accruals	(259,396)	68,148	(19,533)	(208,151)
Net adjustment for other sources/uses	284,536	(248,000)	-	-
Funds budgeted elsewhere	240,483	-	-	-
Adjustment for encumbrances	<u>1,274,435</u>	<u>145,956</u>	<u>190,400</u>	<u>567,066</u>
GAAP basis	<u>\$ 847,464</u>	<u>\$ (411,608)</u>	<u>\$ (99,880)</u>	<u>\$ (29,604)</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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014 (CONTINUED)

NOTE 17 - CONTINGENT LIABILITIES - (Continued)

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, 2014, 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, 2014, an estimated \$659,512,527 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 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,

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 19-PUBLIC ENTITY RISK POOLS - (Continued)

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, 2014.

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, 2014 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, 2014.

	Joint Venture	County Share
Total Assets	\$ 4,970,317	\$ 1,656,772
Total Liabilities	(767,692)	(255,897)
Net Position	\$ 4,202,625	\$ 1,400,875
Revenues	\$ 355,082	\$ 118,361
Expenses	(247,387)	(82,462)
Increase in Net Position	\$ 107,695	\$ 35,899

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 35.46 percent. Summary financial information as of, and for the fiscal year ended December 31, 2014 is presented below:

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 20 - JOINT VENTURES- (Continued)

	Joint Venture	County Share		Population	Equity Percent
Beginning Net Position	\$ 3,630,694	\$ 1,291,678	Ottawa	41,154	26.21%
			Sandusky	60,179	38.33%
Revenues	1,507,716	530,275	Seneca	55,669	35.46%
Expenses	<u>(1,641,620)</u>	<u>(582,078)</u>	Total	<u>157,002</u>	<u>100.00%</u>
Ending Net Position	\$ <u>3,496,790</u>	\$ <u>1,239,875</u>			

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.

Summary financial information as of, and for the year ended December 31, 2014 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, 2014.

	Joint Venture	County Share		Population	Equity Percent
Beginning Net Position	\$ 3,679,829	\$ 1,486,028	Sandusky	60,179	43.54%
			Seneca	55,669	40.28%
Revenues	3,925,515	1,577,495	Wyandot	22,353	16.17%
Expenses	<u>(4,141,544)</u>	<u>(1,668,263)</u>	Total	<u>138,201</u>	<u>99.99%</u>
Ending Net Position	\$ <u>3,463,800</u>	\$ <u>1,395,260</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, Marion and Crawford 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, 2014 is presented below. Further financial information can be found in the Northland Homes and Properties, Inc. financial report as of December 31, 2014.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 20 - JOINT VENTURES- (Continued)

	Joint Venture	County Share
Total Assets	\$ 2,890,348	\$ 963,449
Total Liabilities	(1,143,161)	(381,053)
Net Position	<u>\$ 1,747,187</u>	<u>\$ 582,396</u>
Revenues	\$ 455,958	\$ 151,986
Expenses	(388,154)	(129,385)
Increase in Net Position	<u>\$ 67,804</u>	<u>\$ 22,601</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-Ad Industries, Inc., all materials and equipment purchased by the Seneca Re-Ad Industries, Inc. Board would become the property of the Seneca County Board of DD.

Seneca Re-Ad Industries, Inc. has a June 30 reporting year-end; therefore, all information pertaining to the industries will be presented as of and for the year ended June 30, 2014. Further financial information can be seen in the Seneca Re-Ad Industries, Inc. Financial Report as of June 30, 2014 available from Reichert & Associates, CPA's, 206 West Hardin Street, Findlay, OH45840.

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.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

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	\$ 167,311	Southeast Financial Credit Union	\$ 36,742
Croghan Colonial Bank	92,222	Republic Bank	75,021
First Bank	91,740	First National Bank	137,967
Fifth Third CD	75,144	Sutton Bank	95,004
FirstMerit CD	86,629	Huntington Bank	58,321
U.S. Bank CD	90,757	Petty Cash Funds	790
Old Fort Bank CD	68,278		
		<i>Total Cash and Short-Term Investments</i>	\$ 1,075,926

FDIC Insurance insures all funds except for petty cash funds.

C. Capital Assets - A summary of changes in capital assets by class during the fiscal year ended June 30, 2014 are as follows:

	Balance at 6/30/2013	Additions	Deletions	Balance at 6/30/2014
Land	\$ 2,945	\$ -	\$ -	\$ 2,945
Building	130,590	-	-	130,590
Furniture and Fixtures	84,635	-	-	84,635
Machinery and Equipment	445,808	-	-	445,808
Vehicles	103,897	-	-	103,897
<i>Subtotal</i>	767,875	-	-	767,875
Accumulated Depreciation	(537,712)	(37,678)	-	(575,390)
<i>Net Capital Assets</i>	\$ 230,163	\$ (37,678)	\$ -	\$ 192,485

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 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they are filed.

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

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 \$503,823.

G. Accrued Vacation- A liability for accrued vacation for \$11,303 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 - Roppe Rubber provides 75% 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.

NOTE 22 - RELATED PARTY TRANSACTIONS

For the year ended December 31, 2014 the County participated in the following related party transactions:

Related Party	Purpose	Amount
Soil and Water Conservation District	Flood Plain Administration	\$ 10,000
Soil and Water Conservation District	Local Grant Matching Funds	140,000
Total		\$ 150,000

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 23 - FUND BALANCE

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

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

Fund balance	General	Maintenance and Repair	Public Assistance	Seneca County Opportunity Center	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 57,538	\$ 408,396	\$ -	\$ 9,323	\$ 2,652	\$ 477,909
Prepayments	143,158	1,791	14,142	45,886	19,571	224,548
Unclaimed monies	151,677	-	-	-	-	151,677
Long-term loans	20,648	-	-	-	-	20,648
Total nonspendable	<u>373,021</u>	<u>410,187</u>	<u>14,142</u>	<u>55,209</u>	<u>22,223</u>	<u>874,782</u>
Restricted:						
Capital projects	-	-	-	-	64,040	64,040
Grants and specific programs	-	-	-	-	3,440,582	3,440,582
SCOC programs	-	-	-	5,408,981	-	5,408,981
Human services programs	-	-	327,043	-	1,968,150	2,295,193
Roads and bridges	-	11,738,242	-	-	-	11,738,242
Community and economic development	-	-	-	-	303,074	303,074
Public safety	-	-	-	-	163	163
Total restricted	<u>-</u>	<u>11,738,242</u>	<u>327,043</u>	<u>5,408,981</u>	<u>5,776,009</u>	<u>23,250,275</u>
Committed:						
Underground storage tank	11,855	-	-	-	-	11,855
Total committed	<u>11,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,855</u>
Assigned:						
Debt service	-	-	-	-	98,543	98,543
Capital projects	-	-	-	-	1,211,970	1,211,970
Grants and specific programs	1,655	-	-	-	-	1,655
General government	1,561,459	-	-	-	-	1,561,459
Public safety	14,139	-	-	-	-	14,139
Health	14,103	-	-	-	-	14,103
Human services	81,275	-	-	-	-	81,275
Employee benefits	183,158	-	-	-	-	183,158
Subsequent Year Appropriations	2,103,454	-	-	-	-	2,103,454
Total assigned	<u>3,959,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,310,513</u>	<u>5,269,756</u>
Unassigned (deficit)	<u>1,887,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(750,122)</u>	<u>1,137,397</u>
Total fund balances	<u>\$ 6,231,638</u>	<u>\$ 12,148,429</u>	<u>\$ 341,185</u>	<u>\$ 5,464,190</u>	<u>\$ 6,358,623</u>	<u>\$ 30,544,065</u>

SENECA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 24 - CONTRACTUAL COMMITMENTS

As a result of construction in progress, the County had the following contractual commitments outstanding as of December 31, 2014:

Vendor	Contract Amount	Payments Made	Contract Outstanding
<i>Energy Improvement Construction nonmajor capital projects fund</i>			
Wadsworth Slawson NW	\$ 81,320	\$ (60,339)	\$ 20,981
Palmer Conservations Consulting	44,481	(36,685)	7,796
Total Contractual Commitments	\$ 125,801	\$ (97,024)	\$ 28,777

NOTE 25 - OTHER COMMITMENTS

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

Fund	Encumbrances
General fund	\$ 967,842
Maintenance and Repair fund	115,808
Seneca County Opportunity Center	307,324
Nonmajor governmental funds	505,174
Total	\$ 1,896,148

**SENECA COUNTY, OHIO
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 391,799
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	IRN093286	10,960
National School Lunch Program -Food Distribution program	10.555	IRN066241	1,334
National School Lunch	10.555	IRN066241	11,416
National School Lunch Program	10.555	IRN093286	20,134
Total CFDA # 10.555			<u>32,884</u>
Total Child Nutrition Cluster			<u>43,844</u>
Total U.S. Department of Agriculture			<u>435,643</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency</i>			
Home Investment Partnership Program	14.239	B-C-13-1CQ-2	94,761
Community Development Block Grant/State's Program	14.228	B-F-13-1CQ-1	15,475
Community Development Block Grant/State's Program	14.228	B-F-12-1CQ-1	77,747
CDBG Revolving Loan Fund	14.228		485
Total CFDA # 14.228			<u>93,707</u>
Total U.S. Department of Housing and Urban Development			<u>188,468</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General</i>			
Crime Victim Assistance	16.575	2014VAGENE252	77,502
Crime Victim Assistance	16.575	2014SAGENE252	6,101
Crime Victim Assistance	16.575	2015VAGENE252	21,650
Crime Victim Assistance	16.575	2015VAGENE252	1,171
Total CFDA #16.575			<u>106,424</u>
Total U.S. Department of Justice			<u>106,424</u>

(Continued)

SENECA COUNTY, OHIO
 FEDERAL AWARDS EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (CONTINUED)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Montgomery County WIA Area 7 WIA Cluster</i>			
WIA - Adult Program	17.258		121,031
WIA - Youth Activities Program	17.259		146,848
WIA - Dislocated Worker Formula Grants	17.278		<u>138,972</u>
Total U.S. Department of Labor			<u>406,851</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	#85080	88,904
Highway Planning and Construction	20.205	#86919	118,363
Highway Planning and Construction	20.205	#89455	<u>9,511</u>
Total CFDA # 20.205			216,778
State and Community Highway Safety	20.600	HVEO-2014-74	19,584
State and Community	20.600	STEP-2015-74	<u>2,472</u>
Total CFDA # 20.600			22,056
National Priority Safety Program	20.616	IDEP-2015-74	3,725
<i>Passed Through Ohio Department of Public Safety</i>			
Interagency Hazardous Materials Public Sector - Planning	20.703		3,709
Interagency Hazardous Materials Public Sector - Training	20.703		<u>201</u>
Total CFDA # 20.703			3,910
Total U.S. Department of Transportation			<u>246,469</u>

(Continued)

**SENECA COUNTY, OHIO
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Temporary Assistance for Needy Families (TANF)	93.558	G-1213-11-0112	1,705,753
Child Care and Development Block Grant	93.575	G-1213-11-0112	62,874
Children's Health Insurance Program	93.767	G-1213-11-0112	876
Child Support Enforcement	93.563	G-1213-11-0112	598,410
Grants to States for Access and Visitation Programs	93.597	G-1213-11-0112	54,249
Foster Care Title IV-E	93.658	G-1213-11-0112	59,775
Adoption Assistance Title IV-E	93.659	G-1213-11-0112	50,527
Promoting Safe and Stable Families	93.556	G-1213-11-0112	9,502
Community-Based Child Abuse Prevention Grants	93.590	G-1213-11-0112	1,841
<i>Passed Through Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities - Grants to States	93.617		3,450
<i>Passed Through Ohio Department of Job and Family Services</i>			
Social Services Block Grant	93.667	G-1213-11-0112	741,484
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	93.667		39,606
Total CFDA # 93.667			<u>781,090</u>
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Medicaid Assistance Program	93.778	G-1213-11-0112	180,374
<i>Passed Through Ohio Department of Job and Family Services</i>			
Medicaid Assistance Program	93.778		361,570
Total CFDA # 93.778			<u>541,944</u>
Total U.S. Department of Health and Human Services			<u>3,870,291</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Program Grant	97.039	FEMA-DR-4002-OH	3,750
Emergency Management Performance Grant	97.042	EMW-2012-EP-000004-S01	12,148
Emergency Management Performance Grant	97.042	EMW-2013-EP-000060-SO1	80,739
Total CFDA #97.042			<u>92,887</u>
Total U.S. Department of Homeland Security			<u>96,637</u> (Continued)

SENECA COUNTY, OHIO
 FEDERAL AWARDS EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (CONTINUED)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i> Special Education_Grants to States	84.027	IDEA-B	40,040
Total U.S. Department of Education			40,040
U.S. ELECTION ASSISTANCE COMMISSION			
<i>Passed Through Ohio Election Assistance Commission</i> Help America Vote Act	90.401		1,330
Total U.S. Election Assistance Commission			1,330
TOTAL FEDERAL AWARDS EXPENDITURES			\$ 5,392,153

SEE ACCOMPANYING NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE

**SENECA COUNTY, OHIO
NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

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

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals. The amount passed through to subrecipients was \$180,542.

NOTE C – CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAMS

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

These loans are collateralized by mortgages on the property.

Activity in the Community Development Block Grant (CDBG) revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$ 45,927
Loan principal repaid	<u>(6,873)</u>
Ending loans receivable balance as of December 31, 2014	<u>\$ 39,054</u>
Cash balance on hand in the revolving loan fund as of December 31, 2014	<u>\$ 113,617</u>
Administrative costs expended during 2014	\$ 485
Other grant expenditures administered through CFDA # 14.228	<u>93,222</u>
Total federal expenditures	<u>\$ 93,707</u>

SENECA COUNTY, OHIO
NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2014, the county estimates 100% to be collectible.

NOTE F – MATCHING REQUIREMENTS

Certain federal program srequire that the County contribute non-federal funds (matching funds) to support the federally-funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2014, the County made allowable transfers of \$311,090 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 \$1,705,753 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 2014 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 2,016,843
Transfer to Social Services Block Grant	<u>(311,090)</u>
Total Temporary Assistance for Needy Families	<u>\$ 1,705,753</u>

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Dave Yost • Auditor of State

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

Seneca County
111 Madison Street
Tiffin, Ohio 44883-2824

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seneca County, Ohio (the County) as of and for the year ended December 31, 2014, 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 21, 2015. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits from the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Seneca Re-Ad Industries, Inc., the discretely presented component unit, as described in our report on the County's financial statements. The financial statements of Seneca Re-Ad Industries, Inc. the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 21, 2015



Dave Yost • Auditor of State

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

Seneca County
111 Madison Street
Tiffin, Ohio 44883-2824

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Seneca County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Seneca County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

September 21, 2015

SENECA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014

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 # 93.558 – Temporary Assistance for Needy Families. CFDA # 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
<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

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SENECA COUNTY FINANCIAL CONDITION

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 30, 2015