



Dave Yost • Auditor of State

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY
DECEMBER 31, 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Seneca County District Board of Health, Seneca County, Ohio (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Seneca County District Board of Health, Seneca County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General and Construction and Demolition Debris funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

We applied no procedures to Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 22, 2017

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED**

The discussion and analysis of the Seneca County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2016 are as follows:

- The District's net position increased \$292,589 or 25.47% from the prior year.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the District's receipts, accounting for 83.89% of all the dollars coming into the District. General receipts in the form of property taxes, donations, State subsidy and miscellaneous receipts make up the remaining 16.11%.
- The District's disbursements increased by \$945,861 from the prior year. This increase primarily related to a 58.57% increase in disbursements for construction and demolition services and 41.33% increase in disbursements for administration.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

Reporting the District as a Whole

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis reflect how the District performed financially during 2016, within the limitations of the cash basis of accounting. The Statement of Net Position - Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities - Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as a Whole

Table 1 provides a summary of the District's net position cash basis at December 31, 2016 compared to December 31, 2015.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

**Table 1
Net Position - Cash Basis**

	Governmental Activities	
	2016	2015
Assets		
Equity in pooled cash and cash equivalents	\$ 1,441,132	\$ 1,148,543
Net Position		
Restricted for:		
Environmental health	\$ 1,065,151	\$ 917,958
Community health services	139,970	72,805
Unrestricted	236,011	157,780
Total Net Position	\$ 1,441,132	\$ 1,148,543

The District's net position increased \$292,589 from 2015 due to program receipts of \$3,330,124 and general receipts of \$633,873 exceeding current year disbursements of \$3,641,408.

In 2016, 16.11% of the District's total receipts were from general receipts, consisting mainly of property taxes levied for general District purposes. Program receipts accounted for 83.89% of the District's total receipts in 2016. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and State and federal operating grants and donations.

Administration accounted for 38.23% of the District's total disbursements for 2016. These costs represent the costs to administer all programs not supported by special receipts. Construction and demolition debris disbursements accounted for 30.97% of 2016 total disbursements.

Table 2 reflects the change in net position on a cash basis in 2016 as compared to 2015:

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
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**Table 2
Changes in Net Position - Cash Basis**

	Governmental Activities	
	2016	2015
Receipts		
Program cash receipts:		
Charges for services and sales	\$ 2,594,260	\$ 1,756,454
Operating grants and contributions	705,864	599,642
Total program cash receipts	<u>3,300,124</u>	<u>2,356,096</u>
General receipts:		
Property taxes and other local taxes		
Levied for general Health District purposes	460,555	460,059
Grants and entitlements not restricted to specific programs	136,180	154,295
Donations	4,093	19,780
Miscellaneous	33,045	15,609
Total general receipts	<u>633,873</u>	<u>649,743</u>
Total Receipts	<u>3,933,997</u>	<u>3,005,839</u>
Disbursements		
Environmental health:		
Trailer park	17,289	19,979
Swimming pool	7,135	8,281
Food service	131,847	108,196
Water system	21,437	24,130
Solid waste	90,695	93,850
Nuisance	-	77
Radon	19,443	31,239
Sewage	250,953	38,583
Construction and demolition debris	1,127,815	711,256
Community health services:		
Women, infants, and children	315,103	334,765
Senior services	6,042	4,652
Public health infrastructure	82,989	95,604
Immunizations	5,459	53,730
Wellness	397	102
Child and family health services	43,056	44,702
Homemaker	62,462	65,841
Partnership for success	16,532	23,128
Personal responsibility education	50,791	52,497
Administration	<u>1,391,963</u>	<u>984,935</u>
Total Disbursements	<u>3,641,408</u>	<u>2,695,547</u>
Change in net position	292,589	310,292
Net position at beginning of year	<u>1,148,543</u>	<u>838,251</u>
Net position at end of year	<u>\$ 1,441,132</u>	<u>\$ 1,148,543</u>

Governmental Activities

The first column of the Statement of Activities - Cash Basis lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for environmental health, community health services, and administration, which account for 45.77%, 16.01%, and 38.22% of all governmental disbursements, respectively. The "Program Cash Receipts" columns of the

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

Statement of Activities - Cash Basis identify amounts paid by individuals who are directly charged for services and grants received by the District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts. A comparison between the total cost of services and the net cost for both 2016 and 2015 is presented in Table 3, below.

**Table 3
Governmental Activities**

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Environmental health:				
Trailer park	\$ 17,289	\$ (2,781)	\$ 19,979	\$ 3,746
Swimming pool	7,135	(375)	8,281	466
Food service	131,847	(10,972)	108,196	(12,864)
Water system	21,437	(338)	24,130	1,619
Solid waste	90,695	53,975	93,850	(5,963)
Nuisance	-	-	77	(1,471)
Radon	19,443	5,040	31,239	1,183
Sewage	250,953	(9,559)	38,583	(7,210)
Construction and demolition services	1,127,815	(165,896)	711,256	(185,844)
Community health services:				
Women, infants, and children	315,103	21,015	334,765	6,353
Senior services	6,042	976	4,652	(2,008)
Public health infrastructure	82,989	5	95,604	12,812
Immunizations	5,459	4,647	53,730	(2,685)
Wellness	397	397	102	62
Child and family health services	43,056	(2,640)	44,702	2,021
Homemaker	62,462	11,161	65,841	28,868
Partnership for success	16,532	(8,249)	23,128	2,491
Personal responsibility education	50,791	3,326	52,497	802
Administration	1,391,963	441,552	984,935	497,073
Totals	<u>\$ 3,641,408</u>	<u>\$ 341,284</u>	<u>\$ 2,695,547</u>	<u>\$ 339,451</u>

The District has attempted to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 9.37% of the District's costs are supported through property taxes, unrestricted grants and other general receipts.

The District's Funds

Total governmental funds had receipts and other financing sources of \$4,100,817 and disbursements and other financing uses of \$3,808,228.

The General fund is the chief operating fund of the District. Receipts and other financing sources exceeded disbursements and other financing uses in the general fund by \$78,626 in 2016. Property and other local taxes, fees, and contractual services receipts represented 29.61%, 47.76% and 12.50%, respectively, of total receipts of \$1,555,409 for 2016. The General fund had \$1,391,963 in disbursements for administration costs during the year.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED
(Continued)

The Construction and Demolition Debris fund, a major special revenue fund, accounts for receipts collected from the landfill. Receipts in the form of fees of \$1,293,722 represent an increase of 44.21% from 2015. Correspondingly, disbursements for construction and demolition services increased 58.57% as compared to 2015.

General Fund Budgeting Highlights

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

During the course of 2016, the District amended its budget several times. The General fund's final budgeted receipts of \$1,554,466 were \$359,477 more than original budgeted receipts. Actual receipts and other financing sources were \$1,596,409, \$41,943 more than final budget estimates. Actual budgetary-basis disbursements and other financing uses of \$1,628,484 were \$3,763 less than final appropriated expenditures and other financing uses of \$1,632,247.

Capital Assets

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

Current Issues

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

Contacting the District's Financial Management

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

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2016

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 1,441,132
 Net position	
Restricted for:	
Environmental health	\$ 1,065,151
Community health services	139,970
Unrestricted.	236,011
Total net position	\$ 1,441,132

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Position
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Environmental health:				
Trailer park.	\$ 17,289	\$ 20,070	\$ -	\$ 2,781
Swimming pool	7,135	7,510	-	375
Food service	131,847	142,819	-	10,972
Water system.	21,437	21,775	-	338
Solid waste.	90,695	5,100	31,620	(53,975)
Radon.	19,443	-	14,403	(5,040)
Sewage.	250,953	71,902	188,610	9,559
Construction and demolition services	1,127,815	1,293,711	-	165,896
Community health services:				
Women, infants, and children	315,103	-	294,088	(21,015)
Senior services	6,042	5,066	-	(976)
Public health infrastructure.	82,989	10,685	72,299	(5)
Immunizations	5,459	-	812	(4,647)
Wellness.	397	-	-	(397)
Child and family health services	43,056	-	45,696	2,640
Homemaker	62,462	17,746	33,555	(11,161)
Breast Health Education	16,532	-	24,781	8,249
Personal responsibility education.	50,791	47,465	-	(3,326)
Administration.	1,391,963	950,411	-	(441,552)
Total governmental activities	<u>\$ 3,641,408</u>	<u>\$ 2,594,260</u>	<u>\$ 705,864</u>	<u>(341,284)</u>
General Receipts:				
Property taxes and other local taxes				
levied for general health district purposes				460,555
Grants and entitlements not restricted to specific programs.				136,180
Donations.				4,093
Miscellaneous				33,045
Total general receipts.				<u>633,873</u>
Change in net position				292,589
Net position at beginning of year.				<u>1,148,543</u>
Net position at end of year				<u>\$ 1,441,132</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Construction and Demolition Debris</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in pooled cash and cash equivalents.	\$ 216,303	\$ 955,252	\$ 269,577	\$ 1,441,132
Fund Balances				
Restricted:				
Environmental health:				
Trailer park.	\$ -	\$ -	\$ 3,674	\$ 3,674
Swimming pool.	-	-	512	512
Food service	-	-	40,246	40,246
Water system	-	-	8,003	8,003
Solid waste	-	-	11,101	11,101
Radon	-	-	6,642	6,642
Sewage	-	-	39,721	39,721
Construction and demolition debris	-	955,252	-	955,252
Community health services:				
Women, infants, and children	-	-	81,727	81,727
Senior services	-	-	5,399	5,399
Breast health education.	-	-	8,685	8,685
Public health infrastructure.	-	-	7,811	7,811
Immunizations	-	-	2,186	2,186
Child and family health services	-	-	18,478	18,478
Homemaker.	-	-	5,568	5,568
Personal responsibility education.	-	-	10,116	10,116
Committed:				
Environmental health:				
Nuisance	-	-	18,600	18,600
Community health services:				
Preventative health.	-	-	53	53
Wellness	-	-	1,055	1,055
Assigned:				
Administration	110,701	-	-	110,701
Unassigned	105,602	-	-	105,602
Total fund balances.	<u>\$ 216,303</u>	<u>\$ 955,252</u>	<u>\$ 269,577</u>	<u>\$ 1,441,132</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Construction and Demolition Debris	Nonmajor Governmental Funds	Total Governmental Funds
Receipts				
Property and other local taxes.	\$ 460,555	\$ -	\$ -	\$ 460,555
Licenses and permits	13,048	-	200,422	213,470
Fees	742,867	1,293,711	52,229	2,088,807
Contractual services.	194,496	-	97,487	291,983
Intergovernmental.	136,180	-	671,083	807,263
Private grants and donations	-	-	38,874	38,874
Miscellaneous	8,263	11	24,771	33,045
Total receipts.	<u>1,555,409</u>	<u>1,293,722</u>	<u>1,084,866</u>	<u>3,933,997</u>
Disbursements				
Current:				
Environmental health:				
Trailer park	-	-	17,289	17,289
Swimming pool	-	-	7,135	7,135
Food service.	-	-	131,847	131,847
Water system	-	-	21,437	21,437
Solid waste	-	-	90,695	90,695
Radon	-	-	19,443	19,443
Sewage	-	-	250,953	250,953
Construction and demolition services.	-	1,127,815	-	1,127,815
Community health services:				
Women, infants, and children.	-	-	315,103	315,103
Senior services.	-	-	6,042	6,042
Public health infrastructure	-	-	82,989	82,989
Immunizations	-	-	5,459	5,459
Wellness.	-	-	397	397
Child and family health services.	-	-	43,056	43,056
Homemaker.	-	-	62,462	62,462
Partnership for success.	-	-	16,532	16,532
Personal responsibility education	-	-	50,791	50,791
Administration.	1,391,963	-	-	1,391,963
Total disbursements	<u>1,391,963</u>	<u>1,127,815</u>	<u>1,121,630</u>	<u>3,641,408</u>
Excess (deficiency) of receipts over (under) disbursements.	<u>163,446</u>	<u>165,907</u>	<u>(36,764)</u>	<u>292,589</u>
Other financing sources (uses)				
Transfers in	-	-	22,820	22,820
Transfers (out).	(22,820)	-	-	(22,820)
Advances in	41,000	-	103,000	144,000
Advances (out)	(103,000)	-	(41,000)	(144,000)
Total other financing sources (uses).	<u>(84,820)</u>	<u>-</u>	<u>84,820</u>	<u>-</u>
Net change in fund balances	78,626	165,907	48,056	292,589
Fund balances at beginning of year.	137,677	789,345	221,521	1,148,543
Fund balances at end of year	<u>\$ 216,303</u>	<u>\$ 955,252</u>	<u>\$ 269,577</u>	<u>\$ 1,441,132</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other local taxes.	\$ 460,059	\$ 460,555	\$ 460,555	\$ -
Licenses and permits	14,015	12,584	13,048	464
Fees	446,462	735,769	742,867	7,098
Contractual services	162,362	193,429	194,496	1,067
Intergovernmental	107,441	139,402	136,180	(3,222)
Miscellaneous	4,650	12,727	8,263	(4,464)
Total receipts.	<u>1,194,989</u>	<u>1,554,466</u>	<u>1,555,409</u>	<u>943</u>
Disbursements				
Current:				
Administration	<u>1,305,416</u>	<u>1,609,427</u>	<u>1,502,664</u>	<u>106,763</u>
Excess (deficiency) of receipts over (under) disbursements.	<u>(110,427)</u>	<u>(54,961)</u>	<u>52,745</u>	<u>107,706</u>
Other financing sources (uses)				
Transfers out	-	(22,820)	(22,820)	-
Advances in	-	-	41,000	41,000
Advances out.	<u>-</u>	<u>-</u>	<u>(103,000)</u>	<u>(103,000)</u>
Total other financing sources (uses).	<u>-</u>	<u>(22,820)</u>	<u>(84,820)</u>	<u>(62,000)</u>
Net change in fund balance	(110,427)	(77,781)	(32,075)	45,706
Fund balance at beginning of year.	20,643	20,643	20,643	-
Prior year encumbrances appropriated.	<u>117,034</u>	<u>117,034</u>	<u>117,034</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 27,250</u>	<u>\$ 59,896</u>	<u>\$ 105,602</u>	<u>\$ 45,706</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CONSTRUCTION AND DEMOLITION DEBRIS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Fees	\$ 936,000	\$ 1,168,826	\$ 1,293,711	\$ 124,885
Miscellaneous	<u>250</u>	<u>11</u>	<u>11</u>	<u>-</u>
Total receipts.	<u>936,250</u>	<u>1,168,837</u>	<u>1,293,722</u>	<u>124,885</u>
Disbursements				
Current:				
Environmental health:				
Construction and demolition services	<u>1,128,169</u>	<u>1,389,674</u>	<u>1,363,840</u>	<u>25,834</u>
Net change in fund balance	(191,919)	(220,837)	(70,118)	150,719
Fund balance at beginning of year	547,080	547,080	547,080	-
Prior year encumbrances appropriated.	<u>242,265</u>	<u>242,265</u>	<u>242,265</u>	<u>-</u>
Fund balance at end of year	<u>\$ 597,426</u>	<u>\$ 568,508</u>	<u>\$ 719,227</u>	<u>\$ 150,719</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 1 - REPORTING ENTITY

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

A. Primary Government

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

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

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization, or (4) the District is obligated for the debt of the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District and organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Government-Wide Financial Statements

The statement of net position – cash basis and the statement of activities – cash basis display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

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

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

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

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

E. Cash and Investments

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

F. Accumulated Leave

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

G. Employer Contributions to Cost-Sharing Pension Plans

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

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

H. Net Position

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

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

I. Fund Cash Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The District had no nonspendable balance at December 31, 2016.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General fund, assigned amounts include those approved through the District's formal purchasing procedure and those required for subsequent year appropriations.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District had no unassigned balance at December 31, 2016.

The District applies restricted resources first when disbursements are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

J. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

The District records advances in and advances out as interfund loans; however, these items are not reported as assets and liabilities in the accompanying financial statements. See Note 6 for detail on advances made between funds during 2016.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the District.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to

**SENECA COUNTY DISTRICT BOARD OF HEALTH
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

	Fund Balance	
	General	Construction and Demolition Debris
Cash basis	\$ 216,303	\$ 955,252
Adjustment for encumbrances	(110,701)	(236,025)
Budgetary basis	\$ 105,602	\$ 719,227

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2015 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. The first payment is due on December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real property taxes collected for 2016 were levied after October 1, 2015, on the assessed values determined as of December 31, 2015, the lien date. These taxes will be collected in and are intended to finance 2017 operations. Public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described earlier.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

The full tax rate for all District operations for the year ended December 31, 2016, was \$0.30 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

Real property	\$ 1,147,625,020	94.20%
Public utility personal property	70,640,610	5.80%
Total assessed valuation	\$ 1,218,265,630	100.00%

NOTE 6 - INTERFUND TRANSACTIONS

A. Advances

Interfund advances for the year ended December 31, 2016, consisted of the following, as reported on the fund statements:

Advances to the General fund from:

Nonmajor governmental funds	\$ 41,000
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Advances from the General fund to:

Nonmajor governmental funds	103,000
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Total	\$ 144,000
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The primary purpose of the interfund advances is to cover costs in specific funds where revenues were not received by December 31. These interfund advances are also made to repay advances made in the prior fiscal year from the General fund.

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

B. Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported on the fund statements:

Transfer from General fund to:

Nonmajor governmental funds	\$ 22,820
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

**SENECA COUNTY DISTRICT BOARD OF HEALTH
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 7 - RISK MANAGEMENT

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the District’s share of these unpaid claims collectible in future years is approximately \$5,000.

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

<u>2016 Contributions to PEP</u>
\$ 8,595

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits

**SENECA COUNTY DISTRICT BOARD OF HEALTH
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

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

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

**SENECA COUNTY DISTRICT BOARD OF HEALTH
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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

The District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$136,492 for 2016.

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Board's net pension liability is expected to be significant.

NOTE 9 - POSTEMPLOYMENT BENEFIT PLAN

Ohio Public Employees Retirement System

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 Plan and the Combined Plan. 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/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 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 District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$22,749, \$25,069, and \$22,463 respectively.

**SENECA COUNTY DISTRICT BOARD OF HEALTH
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

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.

NOTE 10 - CONTINGENT GRANTS

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

NOTE 11 - COMMITMENTS

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

Fund:	Year-End Encumbrances
General fund	\$ 110,701
Construction and demolition debris fund	236,025
Nonmajor governmental funds	<u>17,524</u>
Total	<u><u>\$ 364,250</u></u>

NOTE 12 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (EZAs) and the Ohio Community Reinvestment Area (CRA) program with the taxing districts of the District. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Tiffin and the City of Fostoria have entered into such agreements. Under these agreements, the District's property taxes were reduced by \$2,813. The District is not receiving any amounts from these other governments in association with the forgone property tax revenue.



Dave Yost • Auditor of State

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Seneca County District Board of Health, Seneca County, Ohio (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 22, 2017, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant

agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

June 22, 2017



Dave Yost • Auditor of State

SENECA COUNTY DISTRICT BOARD OF HEALTH

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 11, 2017**