



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Financial Condition  
Auglaize County  
209 South Blackhoof Street  
Wapakoneta, Ohio 45895

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 Auglaize Industries, Inc. discretely presented component unit, each major fund, and the remaining fund information of Auglaize 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 the component unit, Auglaize Industries, Inc. which represents 78.3 percent of the assets, 78.7 percent of the net position and 63.4 percent of the revenues, of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Auglaize Industries, Inc., is based solely on the report of other auditors. 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 that we 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 County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>	<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified	Governmental Fund ACDD	Unmodified
Business-Type Activities	Unmodified	Governmental Fund Community Alternatives	Unmodified
Aggregate Discretely Presented Component Units	Qualified	Enterprise Fund Auglaize Acres	Unmodified
Governmental Fund General	Unmodified	Enterprise Fund Sewers	Unmodified
Governmental Fund MVGT	Unmodified	Aggregate Remaining Fund Information	Unmodified
Governmental Fund SWM	Unmodified		

**Basis for Qualified Opinion on the Discretely Presented Component Units**

The financial statements of the Auglaize County Airport Authority were not audited, and we were not engaged to audit the Auglaize County Airport Authority's financial statements as part of our audit of the County's basic financial statements. The Auglaize County Airport Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit and represents 21.7 percent, 21.3 percent and 36.6 percent of the assets, net financial position and revenues, respectively, of the County's discretely presented component units.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component units of Auglaize County, Ohio (the County), as of and for the year ended December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Auglaize County, Ohio (the County), as of and for the year ended as of December 31, 2014, and the respective changes in its financial position and where applicable, its cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gasoline Tax (MVGT), Solid Waste Management (SWM), Auglaize County Developmental Disabilities (ACDD) and Community Alternatives funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the basic financial statements, the County restated the Net Position of the Governmental Activities and the fund balance of the Auglaize County Developmental Disabilities (ACDD) fund. We did not modify our opinion regarding these matters.

**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 Schedule of Federal Awards Expenditures 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 derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information 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 November 3, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 3, 2015

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**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

As management of Auglaize County (the County), we offer readers of the County's financial statement this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2014.

**FINANCIAL HIGHLIGHTS**

The assets of the County exceed liabilities at December 31, 2014 by \$75,282,275. Of this amount \$27,934,787 may be used to meet ongoing obligations. As of December 31, 2014, the County's governmental activities reported net position of \$68,539,461 a decrease of \$768,809, after restating the December 31, 2013 net position (see Note 3), in comparison with the prior year. The governmental activities decrease is due to an overall decrease in revenues and an increase in expenditures. The County's business type activities reported an increase in net position of \$1,411,662. At the end of the current fiscal year the unassigned fund balance for the general fund was \$3,848,987 which is available for spending at the County's discretion. The County's outstanding debt, not considering any additions, decreased by \$276,069 in governmental activities. In the general fund actual revenues were 5.4 percent higher than budgeted and expenditures were 13.3 percent less than the budgeted amount not considering other financing sources and uses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The County's basic financial statements are comprised of three parts: 1) government-wide financial statements, 2) fund financial statements including budgetary statements for general and major special revenue funds, and 3) notes to the financial statements.

**Government-wide Financial Statements** - These statements are intended to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The statement of net position presents information on all County assets and liabilities with the difference between the two reported as net position. The statement of activities distinguish functions of the County that are mainly supported by taxes and intergovernmental revenues (governmental) from functions that are intended to recover a significant portion of their costs through user fees and charges (business-type). Governmental activities include general government (legislative, executive and judicial), public safety, public works, health, human services, and other.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. 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.

**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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financial requirements.

Because the focus of 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, 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.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

The county maintains 444 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Motor Vehicle and Gasoline Tax (MVGT) Fund, Solid Waste Management (SWM) Fund, Auglaize County Developmental Disabilities (ACDD) Fund, and the Community Alternatives Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. The County adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund and each major special revenue fund to demonstrate compliance with the budget.

**Proprietary Funds** – The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer operations and County Home (Auglaize Acres). Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its health insurance, 125 plan, and various rotary funds. Because this service benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement 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.

**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. The notes can be found on pages 31-73.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$75,282,275 as of December 31, 2014.

**Table 1  
Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Assets:</b>						
Current Assets	\$36,853,577	\$34,683,117	\$3,103,815	\$2,451,447	\$39,957,392	\$37,134,564
Capital Assets, Net	43,474,737	45,371,080	4,169,350	3,329,106	47,644,087	48,700,186
Total Assets	80,328,314	80,054,197	7,273,165	5,780,553	87,601,479	85,834,750
<b>Liabilities:</b>						
Current and Other Liabilities	2,158,252	1,805,537	381,758	279,850	2,540,010	2,085,387
Long-Term Liabilities	3,305,831	2,899,490	148,593	169,551	3,454,424	3,069,041
Total Liabilities	5,464,083	4,705,027	530,351	449,401	5,994,434	5,154,428
<b>Deferred Inflows</b>	6,324,770	6,040,900			6,324,770	6,040,900
<b>Net Position:</b>						
Net Investment in Capital						
Assets	43,178,138	45,206,080	4,169,350	3,329,106	47,347,488	48,535,186
Restricted	17,832,191	16,853,053			17,832,191	16,853,053
Unrestricted	7,529,132	7,249,137	2,573,464	2,002,046	10,102,596	9,251,183
Total Net Position	\$68,539,461	\$69,308,270	\$6,742,814	\$5,331,152	\$75,282,275	\$74,639,422

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

The largest portion of the County's net position 63 percent reflects its investment in capital assets (land and improvements, construction in progress, buildings and improvements, equipment/furniture/fixtures, and infrastructure) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. As of December 31, 2014, the County is able to report positive balances in all three categories of net positions, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Analysis of the County's Operation** – The following table provides a summary of the County's operations for 2014. In 2013, Auglaize Acres, a business type activity, sold bed rights. This is shown as "Special Item". The more significant changes are as follows:

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Program Revenues:</b>						
Charges for Services	\$7,985,296	\$7,994,708	\$5,604,428	\$5,322,525	\$13,589,724	\$13,317,233
Operating Grants	9,595,015	8,620,467			9,595,015	8,620,467
Capital Grants/Contributions	2,364,415	610,629	1,002,265	139,040	3,366,680	749,669
<b>General Revenues:</b>						
Property Taxes	5,657,592	5,606,737			5,657,592	5,606,737
Sales Tax	8,953,958	7,895,050			8,953,958	7,895,050
Intergovernmental	957,010	1,120,072	13,482		970,492	1,120,072
Gain/Loss on Sale of Assets	(138,380)	(131,630)	500		(137,880)	(131,630)
Miscellaneous	338,301	371,190	87,585	72,368	425,886	443,558
Investment Earnings	123,840	162,970			123,840	162,970
Total Revenues	<u>35,837,047</u>	<u>32,250,193</u>	<u>6,708,260</u>	<u>5,533,933</u>	<u>42,545,307</u>	<u>37,784,126</u>
<b>Program Expenses:</b>						
General Government	7,435,404	7,569,608			7,435,404	7,569,608
Public Safety	5,982,893	5,666,832			5,982,893	5,666,832
Public Works	9,453,935	5,287,216			9,453,935	5,287,216
Health	7,600,838	7,340,570			7,600,838	7,340,570
Human Services	4,129,977	3,802,101			4,129,977	3,802,101
Other	1,963,447	1,875,884			1,963,447	1,875,884
Interest & Fiscal Charges	39,362	43,378			39,362	43,378
Sewer			394,931	429,002	394,931	429,002
Auglaize Acres			4,901,667	5,039,053	4,901,667	5,039,053
Total Expenses	<u>36,605,856</u>	<u>31,585,589</u>	<u>5,296,598</u>	<u>5,468,055</u>	<u>41,902,454</u>	<u>37,053,644</u>
Excess (deficiency) before Special Item		664,604		65,878		730,482
Special Item				720,000		720,000
Changes in Net Position	(768,809)	664,604	1,411,662	785,878	642,853	1,450,482
Net Position January 1	69,308,270	68,643,666	5,331,152	4,545,274	74,639,422	73,188,940
Net Position December 31	<u>\$68,539,461</u>	<u>\$69,308,270</u>	<u>\$6,742,814</u>	<u>\$5,331,152</u>	<u>\$75,282,275</u>	<u>\$74,639,422</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities for 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. This table also shows the cost of services for business type activities along with the related charges for services to offset the costs or providing the services.

**Table 3  
Total Costs vs. Net Costs  
Governmental Type Activities**

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	\$5,271,420	\$3,755,086	\$5,433,260	\$3,976,747
Judicial	2,163,984	482,986	2,136,348	601,853
Public Safety	5,982,893	4,912,331	5,666,832	4,851,563
Public Works	9,453,935	1,363,146	5,287,216	(1,426,208)
Health	7,600,838	3,306,168	7,340,570	3,695,092
Human Services	4,129,977	840,204	3,802,101	743,476
Other	1,963,447	1,961,847	1,875,884	1,873,884
Interest and Fiscal Charges	39,362	39,362	43,378	43,378
Total Expenses	<u>\$36,605,856</u>	<u>16,661,130</u>	<u>\$31,585,589</u>	<u>\$14,359,785</u>
<b>Business Type Activities</b>				
	2013			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Auglaize Acres	\$4,901,667	(\$327,436)	\$5,039,053	(\$78,074)
Sewer	394,931	(982,659)	429,002	84,564
Total Expenses	<u>\$5,296,598</u>	<u>(\$1,310,095)</u>	<u>\$5,468,055</u>	<u>\$6,490</u>

**Financial Analysis of the Government's Funds** - As noted earlier, Auglaize 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 spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Auglaize County's governmental funds reported total fund balances of \$24,215,851. Of this \$3,848,987 constitutes unassigned fund balance of the general fund, which is available for spending at the County's discretion. The remainder of the fund balances includes \$94,475 for debt service payments and \$781,134 for usage by the County's capital projects fund.

The general fund is the chief operating fund of the county. At the end of the current fiscal year, the unassigned balance was \$3,848,987 while the total fund balance was \$8,567,220.

The other major governmental funds of the County are Motor Vehicle and Gasoline Tax (MVGT), Solid Waste Management (SWM), Auglaize County Developmental Disabilities (ACDD), and Community Alternatives.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

The MVGT fund balance has increased by \$185,655 to \$1,490,068. The increase is due to a decrease in public works expenditures. The SWM fund balance has increased by \$87,404 to (\$1,013,639). The increase is due to the per parcel fee assessed to the 2013 taxes collected in 2014. The ACDD fund balance has increased by \$93,725 to \$3,422,159. The increase is due to a decrease in health expenditures. The Community Alternatives fund balance decreased by \$6,100 to \$4,017,937. The decrease is due to an increase in Westcon expenditures.

**Enterprise Funds** - The County's enterprise funds had an increase in net position. These funds comprise of the County's business type activities.

The county home's (Auglaize Acres) net position increased by \$415,521 to \$2,230,176. In 2003 the facility became a Certified Long-term Care Facility. The various sewers fund net position increased by \$996,141 to \$4,512,638. During 2014 the Uniopolis Sewer Facility, which includes infrastructure, land and buildings, were surrendered to the county.

**General Fund Budgeting Highlights**

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

For the General Fund, actual budget basis revenues and other financing sources were \$710,153 higher than final budget estimates of \$13,017,448.

Total actual expenditures and other financing uses were \$2,281,468 less than the final budgeted expenditures. The decrease in actual versus budgeted expenditures is due to an overall decrease in expenditures by all departments.

**Capital Assets and Debt Administration**

**Table 4  
Capital Assets at Year End  
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Land & Improvements	\$2,921,265	\$3,186,879	\$112,708	\$56,298	\$3,033,973	\$3,243,177
Infrastructure	21,253,550	22,200,927	3,582,639	2,914,088	24,836,189	25,115,015
Buildings/Improvements	15,143,849	15,356,235	300,162	278,322	15,444,011	15,634,557
Construction in Progress	487,366	776,071	65,779		553,145	776,071
Equipment, Furniture/ Fixtures	3,668,707	3,850,968	108,062	80,398	3,776,769	3,931,366
<b>Total</b>	<b>\$43,474,737</b>	<b>\$45,371,080</b>	<b>\$4,169,350</b>	<b>\$3,329,106</b>	<b>\$47,644,087</b>	<b>\$48,700,186</b>

**Table 5  
Outstanding Debt at Year-End  
Governmental Activities**

	2014	2013
<b>General Obligation Bonds:</b>		
Human Services	\$125,000	\$165,000
Ohio Public Works Loan	217,630	51,144
Special Assessment Notes	968,629	762,411
<b>Total</b>	<b>\$1,311,259</b>	<b>\$978,555</b>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

Seventy four percent of the debt is in the form of ditch notes which are issued primarily for drainage improvement.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The budget centers on a stable economic climate. The county unemployment rate is 4.3 percent, .5 percent lower than the state rate of 4.8 percent (December, 2014). The state legislature has indicated uncertainty regarding local government and state funded grant programs which may require more local financial support.

Business-type activities should remain relatively unchanged for 2015.

Ditch note debt incurred since January 1, 2015 is \$137,523.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the County's finances. If you have questions about this report or wish to obtain the separately issued financial statements of the County's component units contact the Auglaize County Auditor's Office by calling 419-739-6705 or writing the County Auditor at 209 S Blackhoof St, Suite 102, Wapakoneta Ohio 45895.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF NET POSITION  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2014**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Airport Authority</u>	<u>Auglaize Industries</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$20,820,766	\$2,354,242	\$23,175,008		
Cash and Cash Equivalents in Segregated Accounts				\$154,758	\$828,475
Cash and Cash Equivalents With Fiscal Agent	1,693,679		1,693,679		
Materials and Supplies Inventory	548,976	33,593	582,569	29,356	
Accrued Interest Receivable	102,620		102,620		
Accounts Receivable	327,285	716,890	1,044,175	4,440	39,405
Internal Balances	3,042	(3,042)			
Due from Other Governments	3,959,432		3,959,432		15,695
Prepaid Items	229,670	2,132	231,802		1,000
Sales Taxes Receivable	1,353,475		1,353,475		
Property Taxes Receivable	6,386,311		6,386,311		
Notes Receivable	413,663		413,663		
Special Assessments Receivable	1,014,658		1,014,658		
Non Depreciable Assets	2,475,395	178,487	2,653,882		
Depreciable Capital Assets, Net	40,999,342	3,990,863	44,990,205	86,016	103,355
<b>Total Assets</b>	<b>80,328,314</b>	<b>7,273,165</b>	<b>87,601,479</b>	<b>274,570</b>	<b>987,930</b>
<b>Liabilities:</b>					
Accounts Payable	978,948	185,362	1,164,310	4,896	15,487
Contracts Payable	164,587	8,515	173,102		
Accrued Wages	521,577	94,796	616,373		7,661
Due to Other Governments	481,065	84,775	565,840	398	4,548
Due to Clients		8,310	8,310		
Accrued Interest Payable	12,075		12,075		
Long-Term Liabilities:					
Due Within One Year	1,097,310	90,013	1,187,323		
Due In More Than One Year	2,208,521	58,580	2,267,101		
<b>Total Liabilities</b>	<b>5,464,083</b>	<b>530,351</b>	<b>5,994,434</b>	<b>5,294</b>	<b>27,696</b>
<b>Deferred Inflows of Resources:</b>					
Property taxes levied for the next year	5,768,933		5,768,933		
Intergovernmental	555,837		555,837		
Airport receipts collected for subsequent year				9,833	
<b>Total Deferred Inflows of Resources</b>	<b>6,324,770</b>		<b>6,324,770</b>	<b>9,833</b>	
<b>Net Position:</b>					
Net Investment in Capital Assets	43,178,138	4,169,350	47,347,488	86,016	103,355
<b>Restricted for:</b>					
Capital Projects	1,165,730		1,165,730		
Debt Service	183,613		183,613		
Other Purposes	16,482,848		16,482,848	588	
Unrestricted	7,529,132	2,573,464	10,102,596	172,839	856,879
<b>Total Net Position</b>	<b>\$68,539,461</b>	<b>\$6,742,814</b>	<b>\$75,282,275</b>	<b>\$259,443</b>	<b>\$960,234</b>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	\$5,271,420	\$1,216,452	\$299,882	
Judicial	2,163,984	1,483,051	194,067	\$3,880
Public Safety	5,982,893	384,176	684,707	1,679
Public Works	9,453,935	3,495,079	2,382,357	2,213,353
Health	7,600,838	1,254,151	2,935,519	105,000
Human Services	4,129,977	150,787	3,098,483	40,503
Other	1,963,447	1,600		
Interest and Fiscal Charges	39,362			
Total Governmental Activities	<u>36,605,856</u>	<u>7,985,296</u>	<u>9,595,015</u>	<u>2,364,415</u>
<b>Business-Type Activities:</b>				
Auglaize Acres	4,901,667	5,229,103		
Sewer	394,931	375,325		1,002,265
Total Business-Type Activities	<u>5,296,598</u>	<u>5,604,428</u>		<u>1,002,265</u>
Total - Primary Government	<u>41,902,454</u>	<u>13,589,724</u>	<u>9,595,015</u>	<u>3,366,680</u>
<b>Component Units:</b>				
Airport Authority	\$243,164	\$278,013		
Auglaize Industries	466,383	403,010		
Total Component Units	<u>\$709,547</u>	<u>\$681,023</u>	<u>\$0</u>	<u>\$0</u>

**General Revenues:**

**Property Taxes Levied for:**

General Purposes

Other Purposes

**Sales Tax Levied for:**

General Purposes

Other Purposes

Capital Outlay

Intergovernmental

Loss/Gain on Sale of Capital Asset

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - restated

Net Position End of Year

*See accompanying notes to the basic financial statements.*

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Airport Authority</b>	<b>Auglaize Industries</b>
(\$3,755,086)		(\$3,755,086)		
(482,986)		(482,986)		
(4,912,331)		(4,912,331)		
(1,363,146)		(1,363,146)		
(3,306,168)		(3,306,168)		
(840,204)		(840,204)		
(1,961,847)		(1,961,847)		
(39,362)		(39,362)		
<u>(16,661,130)</u>		<u>(16,661,130)</u>		
	\$327,436	327,436		
	982,659	982,659		
	<u>1,310,095</u>	<u>1,310,095</u>		
<u>(16,661,130)</u>	<u>1,310,095</u>	<u>(15,351,035)</u>		
			\$34,849	
				(\$63,373)
			<u>34,849</u>	<u>(63,373)</u>
2,035,463		2,035,463		
3,622,129		3,622,129		
7,715,706		7,715,706		
542,252		542,252		
696,000		696,000		
957,010	13,482	970,492		
(138,380)	500	(137,880)		
123,840		123,840	394	56,317
338,301	87,585	425,886	100	23,638
<u>15,892,321</u>	<u>101,567</u>	<u>15,993,888</u>	<u>494</u>	<u>79,955</u>
(768,809)	1,411,662	642,853	35,343	16,582
<u>69,308,270</u>	<u>5,331,152</u>	<u>74,639,422</u>	<u>224,100</u>	<u>943,652</u>
<u>\$68,539,461</u>	<u>\$6,742,814</u>	<u>\$75,282,275</u>	<u>\$259,443</u>	<u>\$960,234</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<b>General</b>	<b>MVGT</b>	<b>SWM</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,310,396	\$635,463	\$631,588
Cash and Cash Equivalents With Fiscal Agent			
Due from other Governments	749,943	2,194,021	
Materials and Supplies Inventory	86,786	441,548	
Accrued Interest Receivable	1,408		
Accounts Receivable	58,097	33,820	24,511
Due from other Funds	1,596,489	7,216	
Prepaid Items	107,109	23,049	226
Sales Taxes Receivable	1,237,475		
Property Taxes Receivable	2,438,329		
Note Receivable			
Special Assessments Receivable			
<b>Total Assets</b>	<b>12,586,032</b>	<b>3,335,117</b>	<b>656,325</b>
<b>Liabilities:</b>			
Accounts Payable	503,946	48,013	32,239
Contracts Payable			
Accrued Wages	266,688	65,495	9,675
Short term comp abs		19,714	26,911
Intergovernmental Payable	279,216	64,381	8,382
Due to Other Funds	15,289	1,964	1,592,757
<b>Total Liabilities</b>	<b>1,065,139</b>	<b>199,567</b>	<b>1,669,964</b>
<b>Deferred Inflows of Resources:</b>			
Property taxes levied for the next fiscal year	2,646,756		
Revenue not available:			
Delinquent property tax	5,481		
Charge for Services			
Intergovernmental	301,436	1,645,482	
Special Assessments			
Accrued Interest			
<b>Total Deferred Inflows of Resources</b>	<b>2,953,673</b>	<b>1,645,482</b>	
<b>Fund Balances:</b>			
<b>Non-spendable:</b>			
Inventory	86,786	441,548	
Prepays	107,109	23,049	226
Notes Receivable			
Interfund Receivable	1,589,971		
<b>Restricted for:</b>			
Debt Service			
Capital Outlay			
MVGT		1,025,471	
Developmental Disabilities			
Other Purposes			
<b>Committed to:</b>			
Capital Outlay			
Other Purposes			
Assigned	2,934,367		
Unassigned	3,848,987		(1,013,865)
<b>Total Fund Balances</b>	<b>8,567,220</b>	<b>1,490,068</b>	<b>(1,013,639)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$12,586,032</b>	<b>\$3,335,117</b>	<b>\$656,325</b>

See accompanying notes to the basic financial statements.

<b>ACDD</b>	<b>Community Alternatives</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$1,949,080	\$3,931,223	\$7,227,708	\$20,685,458
1,693,679			1,693,679
341,929	82,270	591,269	3,959,432
6,340		14,302	548,976
		101,212	102,620
	182,648	28,209	327,285
		335,394	1,939,099
2,852	485	95,949	229,670
		116,000	1,353,475
3,947,982			6,386,311
		413,663	413,663
		1,014,658	1,014,658
<u>7,941,862</u>	<u>4,196,626</u>	<u>9,938,364</u>	<u>38,654,326</u>
88,061	16,265	267,240	955,764
		164,587	164,587
90,625		86,366	518,849
			46,625
51,017		76,211	479,207
90		347,905	1,958,005
<u>229,793</u>	<u>16,265</u>	<u>942,309</u>	<u>4,123,037</u>
3,891,922			6,538,678
56,059			61,540
	162,424		162,424
341,929		148,079	2,436,926
		1,014,658	1,014,658
		101,212	101,212
<u>4,289,910</u>	<u>162,424</u>	<u>1,263,949</u>	<u>10,315,438</u>
6,340		14,302	548,976
2,852	485	95,949	229,670
		413,663	413,663
		288,707	1,878,678
		94,475	94,475
		124,371	124,371
			1,025,471
3,412,967			3,412,967
	4,017,452	6,115,233	10,132,685
		656,763	656,763
		131,716	131,716
			2,934,367
		(203,073)	2,632,049
<u>3,422,159</u>	<u>4,017,937</u>	<u>7,732,106</u>	<u>24,215,851</u>
<u>\$7,941,862</u>	<u>\$4,196,626</u>	<u>\$9,938,364</u>	<u>\$38,654,326</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

Total Governmental Funds Balances		\$24,215,851
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		43,474,737
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Grants	\$753,282	
Property Tax	61,540	
Sales Tax	229,656	
Special Assessments	1,014,659	
Interest	101,212	
Local Government	127,466	
Casino Revenue	124,603	
Gas Tax	758,180	
Charges for Services - licenses	820,070	
Total	3,990,668	3,990,668
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(125,000)	
Special Assessment Notes	(968,628)	
Compensated Absences	(1,945,537)	
Ohio Public Works Loan	(217,630)	
Accrued Interest Payable	(12,075)	
Total	(3,268,870)	(3,268,870)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		127,075
Net Position of Governmental Activities		\$68,539,461

*See accompanying notes to the basic financial statements.*

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**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<u>General</u>	<u>MVGT</u>	<u>SWM</u>
<b>Revenues:</b>			
Property Taxes	\$2,040,741		
Sales Tax	7,715,706	\$542,252	
Interest	84,195	950	
Licenses and Permits	2,716		
Fines and Forfeitures	569,541	24,864	
Intergovernmental	1,556,732	3,954,236	\$1,559
Charges for Services	1,579,027	373,896	273,467
Special Assessments			367,889
Other	227,705	10,778	117,113
	<u>13,776,363</u>	<u>4,906,976</u>	<u>760,028</u>
Total Revenues			
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Legislative and Executive	3,638,514		
Judicial	1,823,086		
Public Safety	5,226,933		
Public Works	327,533	4,728,921	
Health	93,464		672,624
Human Services	400,830		
Other	1,877,693		
Capital Outlay			
<b>Debt Service:</b>			
Principal Retirement			
Interest and Fiscal Charges			
	<u>13,388,053</u>	<u>4,728,921</u>	<u>672,624</u>
Total Expenditures			
Excess of Revenues Over/(Under) Expenditures	<u>388,310</u>	<u>178,055</u>	<u>87,404</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	11,086	12,000	
Other Financing Sources	14,666		
Proceeds from Notes			
Transfers In	105,120		
Transfers Out	(173,246)	(4,400)	
	<u>(42,374)</u>	<u>7,600</u>	
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	345,936	185,655	87,404
Fund Balances (Deficits) Beginning of Year - restated	<u>8,221,284</u>	<u>1,304,413</u>	<u>(1,101,043)</u>
Fund Balances (Deficits) End of Year	<u>\$8,567,220</u>	<u>\$1,490,068</u>	<u>(\$1,013,639)</u>

*See accompanying notes to the basic financial statements.*

<b>ACDD</b>	<b>Community Alternatives</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$3,633,256			\$5,673,997
		\$696,000	8,953,958
191		15,160	100,496
			2,716
		239,292	833,697
2,230,525	\$613,036	5,954,485	14,310,573
	150,140	1,300,657	3,677,187
		1,023,645	1,391,534
1,512	12,600	301,288	670,996
<u>5,865,484</u>	<u>775,776</u>	<u>9,530,527</u>	<u>35,615,154</u>
		400,969	4,039,483
		367,715	2,190,801
		662,410	5,889,343
		2,756,410	7,812,864
5,471,759	981,876	370,090	7,589,813
		3,634,407	4,035,237
		89,409	1,967,102
		1,212,418	1,212,418
		276,069	276,069
		36,970	36,970
<u>5,471,759</u>	<u>981,876</u>	<u>9,806,867</u>	<u>35,050,100</u>
<u>393,725</u>	<u>(206,100)</u>	<u>(276,340)</u>	<u>565,054</u>
			23,086
			14,666
		527,172	527,172
	300,000	223,534	628,654
<u>(300,000)</u>	<u>(100,000)</u>	<u>(51,008)</u>	<u>(628,654)</u>
<u>(300,000)</u>	<u>200,000</u>	<u>699,698</u>	<u>564,924</u>
93,725	(6,100)	423,358	1,129,978
<u>3,328,434</u>	<u>4,024,037</u>	<u>7,308,748</u>	<u>23,085,873</u>
<u>\$3,422,159</u>	<u>\$4,017,937</u>	<u>\$7,732,106</u>	<u>\$24,215,851</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**Net Change in Fund Balances - Total Governmental Funds** \$1,129,978

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

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

Non Depreciable Capital Assets	\$236,200	
Depreciable capital assets	2,054,669	
Depreciation expense	<u>(4,025,746)</u>	(1,734,877)

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Sale of capital assets	(23,086)	
Loss on sale of capital assets	<u>(138,380)</u>	(161,466)

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

Property Taxes	(16,406)	
Sales Taxes	(3,087)	
Grants	39,241	
Special Assessments	201,104	
Interest	24,294	
Local Government	(12,922)	
Casino	(42,326)	
Gas Tax	(10,618)	
Charges for Services - Licenses	<u>134,648</u>	313,928

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

statement of net assets. 276,069

Note proceeds and some advances are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.

Notes payable (527,172)

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

Accrued Interest (2,392)

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

Compensated Absences (35,595)

The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated

(27,282)

Change in Net Position of Governmental Activities (\$768,809)

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL 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>	
<b>Revenues:</b>				
Taxes	\$1,972,200	\$1,972,200	\$2,030,023	\$57,823
Sales tax	7,000,000	7,000,000	7,633,869	633,869
Charges for services	1,314,545	1,314,545	1,295,405	(19,140)
License and permits	2,850	2,850	2,716	(134)
Fines and forfeitures	513,000	513,000	559,407	46,407
Intergovernmental	1,302,273	1,302,273	1,561,809	259,536
Investment income	120,000	120,000	90,054	(29,946)
Other operating income	781,580	781,580	537,866	(243,714)
Total Revenues	<u>13,006,448</u>	<u>13,006,448</u>	<u>13,711,149</u>	<u>704,701</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	4,181,550	4,312,550	3,726,336	586,214
Judicial	2,084,261	2,086,561	1,641,206	445,355
Public Safety	5,779,924	5,792,957	5,274,691	518,266
Public Works	432,851	432,851	326,492	106,359
Health	102,688	102,688	93,464	9,224
Human Services	458,068	458,068	400,426	57,642
Other	2,239,929	2,239,928	1,903,261	336,667
Total Expenditures	<u>15,279,271</u>	<u>15,425,603</u>	<u>13,365,876</u>	<u>2,059,727</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,272,823)</u>	<u>(2,419,155)</u>	<u>345,273</u>	<u>2,764,428</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	500	500	11,086	10,586
Other Financing Sources	10,000	10,000	246	(9,754)
Transfers In	500	500	5,120	4,620
Transfers Out	(459,987)	(394,987)	(173,246)	221,741
Total Other Financing Sources (Uses)	<u>(448,987)</u>	<u>(383,987)</u>	<u>(156,794)</u>	<u>227,193</u>
Net Change in Fund Balance	(2,721,810)	(2,803,142)	188,479	2,991,621
Fund Balance Beginning of Year	4,588,901	4,588,901	4,588,901	
Prior Year Encumbrances Appropriated	<u>223,317</u>	<u>223,317</u>	<u>223,317</u>	
Fund Balance End of Year	<u>\$2,090,408</u>	<u>\$2,009,076</u>	<u>\$5,000,697</u>	<u>\$2,991,621</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Sales tax	\$525,000	\$525,000	\$540,995	\$15,995
Charges for services	389,800	389,800	429,263	39,463
Fines and forfeitures	40,000	40,000	24,637	(15,363)
Intergovernmental	3,750,000	3,750,000	3,935,859	185,859
Investment income	1,500	1,500	1,028	(472)
Other operating income	114,000	114,000	19,734	(94,266)
Total Revenues	<u>4,820,300</u>	<u>4,820,300</u>	<u>4,951,516</u>	<u>131,216</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public Works</b>				
Personal services	2,740,429	2,729,512	2,619,431	110,081
Materials and supplies	1,530,230	1,938,817	1,658,809	280,008
Charges and services	564,516	330,051	256,557	73,494
Capital outlay and equipment	435,145	320,140	312,225	7,915
Other operating expense	55,643	3,043	3,043	
Total Expenditures	<u>5,325,963</u>	<u>5,321,563</u>	<u>4,850,065</u>	<u>471,498</u>
Excess of Revenues Over (Under) Expenditures	<u>(505,663)</u>	<u>(501,263)</u>	<u>101,451</u>	<u>602,714</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets			12,000	12,000
Transfer Out		(4,400)	(4,400)	
Total Other Financing Sources (Uses)		<u>(4,400)</u>	<u>7,600</u>	<u>12,000</u>
Net Change in Fund Balance	(505,663)	(505,663)	109,051	614,714
Fund Balance Beginning of Year	394,445	394,445	394,445	
Prior Year Encumbrances Appropriated	<u>111,218</u>	<u>111,218</u>	<u>111,218</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$614,714</u>	<u>\$614,714</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Special Assessments	\$366,000	\$366,000	\$369,557	\$3,557
Charges for services	272,000	272,000	276,084	4,084
Intergovernmental			1,559	1,559
Other operating income	153,000	153,000	115,934	(37,066)
Total Revenues	<u>791,000</u>	<u>791,000</u>	<u>763,134</u>	<u>(27,866)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Health:</b>				
Personal services	372,749	372,749	330,984	41,765
Materials and supplies	55,000	62,000	56,882	5,118
Charges and services	205,590	234,090	225,469	8,621
Capital outlay and equipment	41,375	26,375	19,244	7,131
Other operating expense	160,900	160,400	160,400	
Total Expenditures	<u>835,614</u>	<u>855,614</u>	<u>792,979</u>	<u>62,635</u>
Excess of Revenues Over (Under) Expenditures	<u>(44,614)</u>	<u>(64,614)</u>	<u>(29,845)</u>	<u>34,769</u>
Fund Balance Beginning of Year	631,046	631,046	631,046	
Prior Year Encumbrances Appropriated	<u>2,106</u>	<u>2,106</u>	<u>2,106</u>	
Fund Balance End of Year	<u><u>\$588,538</u></u>	<u><u>\$568,538</u></u>	<u><u>\$603,307</u></u>	<u><u>\$34,769</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$3,538,895	\$3,538,895	\$3,651,370	\$112,475
Intergovernmental	804,395	804,395	1,243,409	439,014
Investment income			205	205
Other operating income	17,500	17,500	1,512	(15,988)
Total Revenues	<u>4,360,790</u>	<u>4,360,790</u>	<u>4,896,496</u>	<u>535,706</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Health:</b>				
Personal services	2,909,495	2,909,495	2,711,114	198,381
Materials and supplies	190,945	190,945	132,791	58,154
Charges and services	1,621,384	1,621,384	1,572,918	48,466
Capital outlay and equipment	38,850	38,850	8,538	30,312
Total Expenditures	<u>4,760,674</u>	<u>4,760,674</u>	<u>4,425,361</u>	<u>335,313</u>
Excess of Revenues Over (Under) Expenditures	<u>(399,884)</u>	<u>(399,884)</u>	<u>471,135</u>	<u>871,019</u>
<b>Other Financing (Uses):</b>				
Operating Transfers Out		(300,000)	(300,000)	
Total Other Financing (Uses)		<u>(300,000)</u>	<u>(300,000)</u>	
Net Change in Fund Balance	(399,884)	(699,884)	171,135	871,019
Fund Balance Beginning of Year	1,523,217	1,523,217	1,523,217	
Prior Year Encumbrances Appropriated	110,422	110,422	110,422	
Fund Balance End of Year	<u>\$1,233,755</u>	<u>\$933,755</u>	<u>\$1,804,774</u>	<u>\$871,019</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for Services	\$200,000	\$200,000	\$144,017	(\$55,983)
Intergovernmental	585,000	585,000	579,616	(5,384)
Other operating income	11,550	11,550	12,600	1,050
Total Revenues	<u>796,550</u>	<u>796,550</u>	<u>736,233</u>	<u>(60,317)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Health:</b>				
Charges and services	768,025	1,068,025	1,003,910	64,115
Capital outlay and equipment	5,000	5,000	549	4,451
Total Expenditures	<u>773,025</u>	<u>1,073,025</u>	<u>1,004,459</u>	<u>68,566</u>
Excess of Revenues Over (Under) Expenditures	<u>23,525</u>	<u>(276,475)</u>	<u>(268,226)</u>	<u>8,249</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	200,000	200,000	300,000	100,000
Operating Transfers Out		(100,000)	(100,000)	
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>
Net Change in Fund Balance	223,525	(176,475)	(68,226)	108,249
Fund Balance Beginning of Year	3,959,195	3,959,195	3,959,195	
Prior Year Encumbrances Appropriated	<u>18,025</u>	<u>18,025</u>	<u>18,025</u>	
Fund Balance End of Year	<u>\$4,200,745</u>	<u>\$3,800,745</u>	<u>\$3,908,994</u>	<u>\$108,249</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014**

	<b>Business Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Auglaize Acres</b>	<b>Sewers</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets:</b>				
<b>Current Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,698,191	\$656,051	\$2,354,242	\$135,308
<b>Receivables:</b>				
Accounts	615,947	100,943	716,890	
Due From Other Funds				21,948
Materials and Supplies Inventory	33,593		33,593	
Prepaid Items	2,132		2,132	
Total Current Assets	<u>2,349,863</u>	<u>756,994</u>	<u>3,106,857</u>	<u>157,256</u>
<b>Non-current Assets:</b>				
<b>Capital Assets:</b>				
Non-Depreciable Assets	69,979	108,508	178,487	
Depreciable Capital Assets, Net	324,516	3,666,347	3,990,863	
Total Non-current Assets	<u>394,495</u>	<u>3,774,855</u>	<u>4,169,350</u>	
Total Assets	<u>2,744,358</u>	<u>4,531,849</u>	<u>7,276,207</u>	<u>157,256</u>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	168,866	16,496	185,362	23,184
Contracts Payable	8,515		8,515	
Accrued Wages	94,796		94,796	2,728
Intergovernmental Payable	84,775		84,775	1,858
Due to Other Funds	3,042		3,042	
Due to Clients	5,595	2,715	8,310	
Compensated Absences Payable	90,013		90,013	1,534
Total Current Liabilities	<u>455,602</u>	<u>19,211</u>	<u>474,813</u>	<u>29,304</u>
<b>Long-Term Liabilities:</b>				
Compensated Absences Payable	58,580		58,580	877
Total Long-Term Liabilities	<u>58,580</u>		<u>58,580</u>	<u>877</u>
Total Liabilities	<u>514,182</u>	<u>19,211</u>	<u>533,393</u>	<u>30,181</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	394,495	3,774,855	4,169,350	
Unrestricted	1,835,681	737,783	2,573,464	127,075
Total Net Position	<u>\$2,230,176</u>	<u>\$4,512,638</u>	<u>\$6,742,814</u>	<u>\$127,075</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<b>Business Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Auglaize Acres</b>	<b>Sewers</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Operating Revenues:</b>				
Charges for Services	\$5,225,163	\$375,325	\$5,600,488	\$5,036,315
Intergovernmental		13,482	13,482	
Rental Income	3,940		3,940	
Total Operating Revenues	<u>5,229,103</u>	<u>388,807</u>	<u>5,617,910</u>	<u>5,036,315</u>
<b>Operating Expenses:</b>				
Personal Services	3,517,422		3,517,422	112,651
Contractual Services	780,153	252,614	1,032,767	4,716,775
Materials and Supplies	471,215	5,808	477,023	244,461
Other	44,121		44,121	32
Depreciation	64,680	136,509	201,189	
Capital Outlay	24,076		24,076	
Total Operating Expenses	<u>4,901,667</u>	<u>394,931</u>	<u>5,296,598</u>	<u>5,073,919</u>
Operating Income (Loss)	<u>327,436</u>	<u>(6,124)</u>	<u>321,312</u>	<u>(37,604)</u>
<b>Non-Operating Revenues:</b>				
Capital Contribution		1,002,265	1,002,265	
Sale of Fixed Assets	500		500	
Other Non-Operating	87,585		87,585	845
Total Non-Operating Revenues	<u>88,085</u>	<u>1,002,265</u>	<u>1,090,350</u>	<u>845</u>
Change in Net Position	415,521	996,141	1,411,662	(36,759)
Net Position Beginning of Year	<u>1,814,655</u>	<u>3,516,497</u>	<u>5,331,152</u>	<u>163,834</u>
Net Position End of Year	<u><u>\$2,230,176</u></u>	<u><u>\$4,512,638</u></u>	<u><u>\$6,742,814</u></u>	<u><u>\$127,075</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

	<b>Business Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Auglaize Acres</b>	<b>Sewers</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$5,229,103	\$375,325	\$5,604,428	\$102,532
Cash Received from Interfund Services Provided				4,933,783
Cash Payments to Employees for Services	(3,528,840)		(3,528,840)	(113,555)
Cash Payments for Goods and Services	(1,233,066)	(324,862)	(1,557,928)	(4,970,772)
Net Cash Provided by (Used in) Operating Activities	<u>467,197</u>	<u>50,463</u>	<u>517,660</u>	<u>(48,012)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Non-Operating Revenue	87,585		87,585	845
Advance Out				
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>87,585</u>		<u>87,585</u>	<u>845</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital Asset Purchases	(30,476)	(945,178)	(975,654)	
Capital Grant Proceeds		13,482	13,482	
Contributed Capital		1,002,265	1,002,265	
Construction in Progress	(65,779)		(65,779)	
Sale of Fixed Assets	500		500	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(95,755)</u>	<u>70,569</u>	<u>(25,186)</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	459,027	121,032	580,059	(47,167)
Cash and Cash Equivalents Beginning of Year	<u>1,239,164</u>	<u>535,019</u>	<u>1,774,183</u>	<u>182,475</u>
Cash and Cash Equivalents End of Year	<u><u>\$1,698,191</u></u>	<u><u>\$656,051</u></u>	<u><u>\$2,354,242</u></u>	<u><u>\$135,308</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$327,436	(\$19,606)	\$307,830	(\$37,604)
<b>Adjustments:</b>				
Depreciation	64,680	136,509	201,189	
<b>(Increase) Decrease in Assets:</b>				
Accounts Receivable	(4,492)	(30,167)	(34,659)	
Prepaid Items	2,086		2,086	
Materials and Supplies Inventory	(3,873)		(3,873)	
Due from Other Funds				8,304
<b>Increase (Decrease) in Liabilities:</b>				
Accounts Payable	62,024	(2,842)	59,182	(17,028)
Contracts Payable	8,515		8,515	
Accrued Wages	9,539		9,539	(263)
Compensated Absences Payable	(20,958)		(20,958)	(329)
Intergovernmental Payable	16,931		16,931	(1,092)
Due to Clients	5,595	2,146	7,741	
Due to Other Funds	(286)	(35,577)	(35,863)	
Net Cash Provided by (Used in) Operating Activities	<u><u>\$467,197</u></u>	<u><u>\$50,463</u></u>	<u><u>\$517,660</u></u>	<u><u>(\$48,012)</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2014**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$5,999	\$2,229,675
Cash and Cash Equivalents in Segregated Accounts		1,112,704
<b>Receivables:</b>		
Property Taxes		54,278,898
Special Assessments		1,065,573
Due from other governments	1,009	2,314,360
Total Assets	7,008	61,001,210
<b>Liabilities:</b>		
Due to Other Governments		59,888,506
Undistributed Assets		1,112,704
Total Liabilities		\$61,001,210
<b>Net Position:</b>		
Restricted	7,008	
Total Net Position	\$7,008	

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Private Purpose Trust</b>
<b>Additions:</b>	
Other	\$10
Total Additions	<u>10</u>
<b>Deductions:</b>	
Human Service	10
Total Deductions	<u>10</u>
Change in Net Position	0
Net Position Beginning of Year	<u>7,008</u>
Net Position End of Year	<u><u>\$7,008</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**1. DESCRIPTION OF THE ENTITY**

Auglaize County, Ohio (The County) was formed by an act of the Legislature on February 14, 1848. 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, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

**A. Reporting Entity**

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", as amended by GASB Statement No. 61. "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." The basic financial statements include all funds, agencies, boards, commissions, and other component units for which Auglaize County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Certain funds are legally separate from the County, however, their activity is so intertwined with that of the County that they are reported as part of the County. The following funds have been included or blended into the County's basic financial statements:

**Auglaize County Children's Services Board (CSB)**

The County Commissioners approve the budget for the CSB and are substantially involved in its operation. The operations of the CSB are accounted for as a separate special revenue fund.

**The Auglaize County Board of Developmental Disabilities**

The Board is appointed by the Probate Judge and the County Commissioners. The Commissioners serve as the appropriating authority for the Board and are "accountable" for its activities. The operations of ACDD are accounted for as a separate special revenue fund.

**B. Discretely Presented Component Units**

The component units columns in the basic financial statements include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County.

**Auglaize County Airport Authority**

The Commissioners are substantially involved in the operations of the Airport Authority. The operations of the Airport Authority are accounted for using proprietary fund accounting. Complete financial statements may be obtained from the Auglaize County Airport Authority, 07776 St. Rt. 219, New Knoxville, OH 45871.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**1. DESCRIPTION OF THE ENTITY (Continued)**

**Auglaize Industries, Inc.**

This is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Auglaize Industries, Inc., under a contractual agreement with the Auglaize County Board of Developmental Disabilities, provides sheltered employment for mentally challenged or handicapped adults in Auglaize County. Based on the significant services and resources provided by the County to Auglaize Industries, Inc. and their sole purpose of providing assistance to the mentally challenged and handicapped adults of Auglaize County, Auglaize Industries, Inc. is reflected as a component unit of Auglaize County. The operations of Auglaize Industries, Inc. are accounted for using proprietary fund accounting. Complete financial statements may be obtained from Auglaize Industries, 330 West Boesel Ave., New Bremen, Ohio 45869.

**C. Potential Component Units Reported As Agency Funds**

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not accountable as defined in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, accordingly, the activity of the following districts and agencies are included in the financial statements as agency funds:

- Auglaize County General Health District
- Auglaize County Soil and Water Conservation
- Auglaize County Regional Planning Commission
- Auglaize County Local Emergency Planning Commission
- Auglaize County Emergency Office of Homeland Security and Emergency Management
- Auglaize County Family and Children First Council
- Heritage Trails Park District

**D. Excluded Potential Component Units**

The County is not accountable, as defined in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, for the following entities and is not involved with their activities in any substantial capacity; accordingly their activities have been excluded from the County's basic financial statements.

- Auglaize County Public District Library
- Auglaize County Agricultural Society
- Auglaize County Cooperative Extension Services
- Auglaize County Historical Society
- Auglaize County Council on Aging
- Auglaize County Child Abuse and Neglect Advisory Board
- Auglaize County Humane Society

The County is associated with the following risk pools, jointly governed organizations and joint ventures which are described in Notes 19 through 21.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**1. DESCRIPTION OF THE ENTITY (Continued)**

- Midwest Pool Risk Management Agency, Inc.
- Midwest Employee Benefit Consortium
- County Commissioner Association of Ohio Workers' Compensation Group Rating Plan
- Auglaize County Regional Planning Commission
- Workforce Improvement Act Consortium of Auglaize, Hardin, and Mercer Counties
- West Central Ohio Network
- Auglaize and Mercer Counties Convention and Visitors' Bureau
- Auglaize County Office of Homeland Security and Emergency Management
- Auglaize County Revolving Loan Fund Board
- Grand Lake St Marys Restoration Community Improvement Corporation
- Auglaize River and Two-Mile Creek Stream Enhancement Project
- Grand Lake Task Force
- Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties
- Grand Lake St. Marys Lake Facilities Authority

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and practices of Auglaize County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The more significant of the County's accounting policies are described below.

The information provided in the notes to the financial statements relates generally to the primary government. Information related to the component units is specifically identified.

**A. Basis of Presentation - Fund Accounting**

**1. Government-wide Statements**

The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include financial activities of the overall government, except for fiduciary activities. Eliminations been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 the different business-type activities of the County and for each function for the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

**2. Fund Financial Statements**

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

All remaining governmental and proprietary funds are aggregated and reported as non-major funds. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

**a. Governmental Funds**

Governmental funds are those through which most governmental functions typically 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 purposes 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 and liabilities is reported as fund balance.

The following are the County's major governmental funds:

**General Fund** - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Motor Vehicle and Gasoline Tax (MVGTT)** - The Motor Vehicle and Gasoline Tax fund accounts for gasoline tax and license revenue used for road and bridge maintenance in the County.

**Solid Waste Management (SWM)** - The Solid Waste Management Fund accounts for a county wide special assessment to pay for ground water monitoring and the repayment to county general for a lawsuit settlement. They also account for monies derived from the fees associated with recycling and disposal of waste.

**Auglaize County Development Disabilities (ACDD)** - The Auglaize County Developmental Disabilities Fund accounts for a County-wide property tax levy, state grants and reimbursements used to provide comprehensive education and rehabilitation programs and services to developmentally disabled individuals residing in the county.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Community Alternatives** – The Auglaize County Developmentally Disabled Community Alternatives Fund primarily accounts for the Auglaize County Group Home operating costs and helps meet State Waiver and Targeted Case Management match requirements.

**b. Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are used to account for the County's ongoing activities which are financed and operated in a manner similar to the private sector.

**Enterprise Funds** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user fees or charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control or accountability. The County's enterprise funds consisted of Auglaize Acres, which accounts for activity pertaining to the County nursing home, and the Sewer Fund, which accounts for sewer revenue fees used for sewer maintenance in the County.

**Internal Service Funds** - These funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The County's internal service funds account for monies received from the activities of the insurance programs for employee health, vision, drug card benefits and flexible spending; and for various rotary services such as police protection and gasoline.

**c. 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. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are private purpose trust and agency funds. The private purpose trust accounts for funds held by binding trust agreements. The agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent, and for taxes, assessments, state-levied shared revenues, and fines and forfeitures collected on behalf of other local governments and distributed to other political subdivisions.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting**

**1. Government-Wide Financial Statements**

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

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (e.g., revenues and other financing sources) and uses (e.g., 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial 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 and all liabilities associated with the operation of these funds are included on the statement of fund net position.

The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in the total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

**3. Discretely Presented Component Units**

The Auglaize County Airport Authority uses the proprietary basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Auglaize Industries uses the proprietary basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

**C. 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.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**1. Revenues – Exchange and Non-exchange Transactions**

Revenue 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, casino revenue, grants, entitlements and donations. On an accrual basis, revenue from sales taxes and casino revenue are recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal 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 a 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 to be both measurable and available at year-end: sales tax, interest, casino revenue, federal and state grants and subsidies, state levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

**2. 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 year 2015 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Expenses/Expenditures**

On the accrual basis of accounting, 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.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the component units is not reported because they are not included in the entity for which the "appropriated budget" is adopted. 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 County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by County Commissioners. The legal level of control has been established by the County Commissioners at the personal services and other expense classification levels within each department for the General Fund and for all other funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources 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 County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation 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.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled, except for cash held by a trustee or fiscal agent and in segregated accounts. Monies for all funds, including proprietary funds are included in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is reported as "Equity in Pooled Cash and Cash Equivalents." Cash and cash equivalents that are held separately within departments of the County, or in outside accounts in the name of various elected officials or departments are reported as "Cash and Cash Equivalents in Segregated Accounts." Cash held by the West Central Ohio Network (WestCon) on behalf of the County is reported as "Cash and Cash Equivalents with Fiscal Agent".

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During 2014, investments were limited to money market funds, US Agency notes and bonds. Except for money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Following Ohio statutes, the County is required to credit all investment earnings to the General Fund, unless otherwise expressly required by law to allocate to other funds. Interest is distributed to the General Fund, the Motor Vehicle Gasoline Tax Special Revenue Fund, St. Marys River Project Special Revenue Fund, the Auglaize School Workshop Bond Retirement Fund, the Treasurer's Prepay Fund and the Auglaize School Group Home Special Revenue Fund. Total investment revenue earned during 2014 was \$100,496. The General Fund was credited \$90,054 and of this amount \$74,342 was assigned from other funds. Adjusting entries resulted in the General fund reporting \$84,195 of interest revenue on the GAAP basis.

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

**F. Inventory of Supplies**

Inventories are stated at lower of cost or market value on a first-in, first-out basis. The costs of inventory items are expensed when consumed or used.

**G. Prepaids**

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items 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.

**H. Receivables and Payables**

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. Using these criteria, the County has elected not to record child support arrearages or various court receivables within the special revenue and 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.

**I. Inter-fund Receivables and Payables**

On the fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Money held in escrow accounts is reported as restricted since it is payable to contractors upon completion of the project.

**K. Capital Assets and Depreciation**

The capital asset values were initially determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost. The cost of interest on debt issued for construction in progress is not capitalized. The County maintains a capitalization threshold of five thousand dollars.

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 on the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

Infrastructure assets are reported as part of Capital Assets Being Depreciated in the governmental activities column. Infrastructure reported in the governmental activities column consists of County bridges and roads. In addition, expenditures made by the County to preserve existing bridges and roads are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized.

Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds. All reported capital assets are depreciated except for land, some land improvements and construction in progress.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Sewer and Water Treatment Plants and Lines	50 years
Buildings and Improvements	10-30 years
Bridges	40 years
Roads	15 years
Cruisers	2 years
Furniture and fixtures	10-20 years
Machinery and Equipment	7-15 years
Licensed Vehicles (except Cruisers)	6 years
Software	3 years

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Component Units**

**Auglaize Industries** - Equipment and improvements are stated at cost except for donated assets which are stated at fair market value at date of receipt. Leasehold improvements are depreciated ratably over the estimated useful life. Depreciation of capital assets is on a double declining balance basis over the estimated useful lives of the respective assets, as follows:

Description	Estimated Life
Furniture and Fixtures	7 years
Transportation Equipment	5 years
Computers	5 years
Leasehold Improvements	31-1/2 years

**Auglaize Airport Authority** - The capital asset values were initially determined at December 31, 1994, using the consumer pricing index to estimate historical costs. Donated capital assets are capitalized at fair market value on the date donated. Depreciation is provided on a straight line basis over the following estimated useful lives:

Description	Estimated Life
Furniture and Fixtures	20 years
Machinery and Equipment	7-15 years
Licensed Vehicles	6 years

**M. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer 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 a liability using the termination payment method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on length of service and department policy. The entire compensated absence liability is reported on the government-wide financial statements. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**N. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in 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, claims, judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the governmental fund financial statements when due.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Net Position**

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for specific county operations and federal and state grants restricted to expenditure for specified purposes. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At December 31, 2014, the amount of net position restricted by enabling legislation was \$3,656,699.

**P. Capital Contributions**

Capital contributions arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction or transfers of capital assets between governmental and business type activities. These assets are recorded at their fair market value on the date contributed. Contributed resources are reported as capital contributions within the financial statements pursuant to GASB 33 "Accounting and Reporting for Non-exchange Transactions".

**Q. 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:

**Non-spendable** – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term portion of inter-fund receivable.

**Restricted** – The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributions, or law or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions). Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

**Committed** – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. The committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 or 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 the Commissioners or by a County official delegated that authority by resolution, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (assigned and unassigned) amounts are 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.

**R. 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 for county home room and board, sewer services, as well as charges for internal service fund activities. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

**S. Inter-fund 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/expenses 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.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. Use of Estimates**

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

**3. RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCES**

The net position of Governmental Activities and fund balance of the ACDD Fund were restated at January 1, 2014 as a result of a restatement in the West Central Ohio Network (West CON) assets and liabilities. In addition, the net position of the Governmental Activities was restated due to the allocation of the Internal Service Fund as required by GASB Statement No. 34. There was also a change in note proceeds from the amount reported at December 31, 2013 audit. These changes had the following effect on net position/fund balances as previously reported:

	<b>Net Position Governmental Activities</b>	<b>ACDD Fund Balance</b>
Net Position/Fund Balances, January 1, 2014	69,405,508	\$3,334,594
<b>Restatements for:</b>		
West Con	(6,160)	(6,160)
Internal Service	(9,478)	
Correct 2013 Loan Proceeds	(81,600)	
Restated Fund Balance/Net Position, January 1, 2014	\$69,308,270	\$3,328,434

**4. ACCOUNTABILITY AND COMPLIANCE**

The following funds had deficit fund balances as of December 31, 2014:

	<b>Deficit Fund Balance</b>
<b>Special Revenue Funds:</b>	
Solid Waste Management	\$1,013,639
Dog and Kennel	161,834
2014 CHIP	9,557
Revitalization Grant	30,665
FAA Grant	1,017
<b>Internal Service Funds:</b>	
Insurance	52,725
2013 Flexible Spending	10,410
<b>Enterprise Funds:</b>	
KZ Sewer	2,149

The deficits in the Special Revenue, Enterprise and Internal Service Funds are caused by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances, however, this is done as cash is needed rather than as accruals occur.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**5. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual are presented in the basic financial statements for the General Fund and Major Special Revenue Funds.

The major differences for those funds between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as assigned, committed, or restricted for governmental fund types (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

<b>Net Change in Fund Balance General and Major Special Revenue Funds</b>					
	<b>General</b>	<b>Motor Vehicle Gasoline Tax</b>	<b>Solid Waste Mgt</b>	<b>Auglaize County Development Disabilities</b>	<b>Community Alternatives</b>
Budget Basis	\$188,479	\$109,051	(\$29,845)	\$171,135	(\$68,226)
<b>Net Adjustments:</b>					
Revenue accruals	65,214	(44,540)	(3,106)	968,988	39,543
Expense accruals	(319,404)	100,583	104,937	(1,098,891)	355
Other financing sources	114,420				
Encumbrances	297,227	20,561	15,418	52,493	22,228
GAAP Basis	<b>\$345,936</b>	<b>\$185,655</b>	<b>\$87,404</b>	<b>\$93,725</b>	<b>(\$6,100)</b>

**6. DEPOSITS AND INVESTMENTS**

**Primary Government**

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal or interest by the United States; or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**6. DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit, or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio Plus);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (1) or (2) or cash or both cash and securities, equal value for equal value;
9. High grade commercial paper and bankers acceptances in an amount not to exceed up to twenty five percent of the County's total portfolio and corporate notes not to exceed up to fifteen percent of the County's total average portfolio; and

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days, commercial paper within 270 days, and corporate notes within two years after purchase.

All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt and the investment advisory committee specifically approves it. Investments must be purchased with the expectation that they 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.

**Cash On Hand** - At December 31, 2014, cash on hand amounted to \$158,138.

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the County's deposits was \$8,487,559. Of the County's bank balance of \$9,152,160, \$7,171,309 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**6. DEPOSITS AND INVESTMENTS (Continued)**

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**B. Investments**

As of December 31, 2014, the County had the following investments with the listed maturity periods:

	<u>Total</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>One to Five Years</u>
Federal Home Loan Bank Bonds	\$3,001,005	\$499,920		\$2,501,085
<b>Federal Home Loan Mortgage Corporation:</b>				
Bonds	740,978			740,978
Medium Term Notes	3,995,410			3,995,410
<b>Federal National Mortgage Association:</b>				
Bonds	750,172		\$750,172	
Notes	4,716,366			4,716,366
Fannie Mae Bonds	1,505,783		751,350	754,433
Freddie Mac Bonds	250,150			250,150
Federal Farm Credit Bank Bonds	2,740,080			2,740,080
Money Market Fund	1,871,424	1,871,424		
	<u>\$19,571,368</u>	<u>\$2,371,344</u>	<u>\$1,501,522</u>	<u>\$15,698,502</u>

The County's investment policy does not address any restriction on investments relating to interest rate (the risk that changes in interest rates will adversely affect the fair value of an investment), or custodial credit risks (the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party). The federal agency securities are subject to custodial risk since they are uninsured, unregistered, and held by the counterparty's trust department or agent and not in the County's name.

The investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date. All of the County's investments carry a rating of Aaa by Moody's.

The County diversifies its investments by security, type, and the institution. The County addresses concentration of credit risk by requiring that with the exception of direct obligations of the U. S. Treasury, no more than 50 percent of the County's total investment portfolio will be invested in a single security type or with a single financial institution.

The following table indicates the percentage of each investment to the total portfolio:

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**6. DEPOSITS AND INVESTMENTS (Continued)**

	<b>Carrying Value</b>	<b>Percentage Of Portfolio</b>
Federal Home Loan Bank Bonds	\$3,001,005	15.33%
<b>Federal Home Loan Mortgage Corporation:</b>		
Bonds	740,978	3.79%
Medium Term Notes	3,995,410	20.41%
<b>Federal National Mortgage Association:</b>		
Bonds	750,172	3.83%
Notes	4,716,366	24.11%
Fannie Mae Bonds	1,505,783	7.69%
Freddie Mac Bonds	250,150	1.28%
Federal Farm Credit Bank Bonds	2,740,080	14.00%
Money Market Fund	1,871,424	9.56%
	\$19,571,368	100.00%

**C. Component Units**

**Auglaize County Airport Authority** - All moneys and funds acquired by the Airport Authority under Ohio Rev. Code Sections 4582.22 and 4582.59 are held by it in trust and are not part of other public funds. These funds, except as otherwise provided in any resolution authorizing revenue bonds or in any trust agreement securing the same, or except when invested pursuant to Ohio Rev. Code Section 4582.54 are kept in depositories selected by the Airport Authority in the manner provided the Ohio Rev. Code Chapter 135. The deposits are secured as provided in that chapter.

At year end, the carrying amount of the Auglaize County Airport Authority deposits were \$154,678 and the bank balance was \$155,362. \$155,362 was covered by federal depository insurance. The balance of cash on hand at year end was \$80. The Auglaize County Airport Authority did not have any investments at year end.

**Auglaize Industries, Inc.** - At year end, the carrying amount of Auglaize Industries, Inc. deposits was \$71,760 and the bank balance was \$73,964. Of this amount, \$73,964 was covered by federal depository insurance. The balance of cash on hand at year end was \$200. The investment securities are carried at fair market value. Of these securities, the United States Government Securities and the Mortgaged Backed Securities due after ten years have a fair value of \$80,972 the Mutual Funds have a fair value of \$563,243 and the Municipal Bonds have a fair value of \$9,846. Preferred stock had a value of \$43,152 and corporate bonds had a value of \$59,302. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporations.

The United States Government Securities carry a rating of AAA by Standards & Poor's. The Mutual Funds and Asset and Mortgaged Backed 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 Industries' name.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**7. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and public utility tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 2014 (Calendar year 2015). The last revaluation update was completed in tax year 2011 (calendar year 2012). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

Property tax revenues received in 2014 represents the collection of 2013 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2013, were levied after October 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value. Public utility real 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.

Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. 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 within the County, and the County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, is accounted for through agency funds.

Accrued property taxes receivable represents delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2014. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2014 operations. The receivable and the portion of the tax levies prepaid by year end into the undivided general tax agency fund are therefore offset by a credit to delayed revenue.

The full tax rate for all County operations for the year ended December 31, 2014, was \$9.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

<b>Real Property:</b>	
Agricultural/Residential	\$753,726,460
Commercial/Industrial/Mineral	147,251,030
Public Utility Real	321,030
<b>Tangible Personal Property:</b>	
Public Utility	23,339,390
Total Assessed Value	<u>\$924,637,910</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**8. PERMISSIVE SALES AND USE TAX**

The County Commissioners by resolution imposed a one percent tax on all retail sales, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. 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 to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State then has five days in which to draw the warrant payable to the County.

Proceeds of the permissive sales tax are to be credited to the General Fund and starting in 2014, \$58,000 will be credited to the Permanent Improvement Fund per month. The sales tax revenue for 2014 amounted to \$7,715,706 in the General Fund due to GAAP journal entries, and \$696,000 was credited to the Permanent Improvement Fund. The use tax amounted to \$542,252 and was credited to the Motor Vehicle and Gasoline Tax Fund.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2014. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

**9. INTERFUND TRANSACTIONS**

As of December 31, 2014, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows:

<u>Interfund Payable</u>	<u>General</u>	<u>MVGT</u>	<u>Other Govtl</u>	<u>Internal Service</u>	<u>Total</u>
General		\$908		\$14,381	\$15,289
MVGT	\$1,400			564	1,964
SWM	1,589,971	2,446		340	1,592,757
Departmental Disabilities	90				90
Other Governmental	3,927	3,849	\$335,394	4,735	347,905
Auglaize Acres	1,101	13		1,928	3,042
Interfund Receivable	<u>\$1,596,489</u>	<u>\$7,216</u>	<u>\$335,394</u>	<u>\$21,948</u>	<u>\$1,961,047</u>

<u>Operating Transfers</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$105,120	\$173,246
MVGT		4,400
Developmental Disabilities		300,000
Community Alternatives	300,000	100,000
<b>Other Governmental Funds:</b>		
IDAT		5,120
Developmental Disabilities Capital Projects	100,000	
Children Services	73,246	
Ditch Maintenance	45,888	
Ditch Debt	4,400	
Ditch Maintenance		45,888
Total Other Governmental Funds	<u>223,534</u>	<u>51,008</u>
	<u>\$628,654</u>	<u>\$628,654</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**9. INTERFUND TRANSACTIONS (Continued)**

The Community Alternatives Fund used the transfer from the ACDD Fund to provide funding to West Con (see Note 20 C). The General Fund transferred \$100,000 to the Salary Reserve Fund which was subsequently rolled into the General Fund on the financial statements and is reflected as a transfer in and out in the General Fund. MVGT transferred \$4,400 to Ditch Debt to repay an OPWC bridge loan.

**10. RECEIVABLES**

Receivables at December 31, 2014 consist of taxes, accounts (billings for user charged services), special assessments, notes, interest, due from other funds, and due from other government receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. A summary of the principal items of due from other government receivables follows:

<b>General Fund:</b>	<b>Amount</b>
Public Defender Reimbursement	\$71,462
VOCA Reimbursement	5,313
Ohio Housing Trust Fund Admin Fee	402
Casino Revenue	253,811
Local Government	205,047
Homestead and Rollback	213,908
Total General Fund	<u>749,943</u>
<b>MVGT Fund:</b>	
Motor Vehicle License Tax	768,442
Permissive Motor Vehicle License Tax	272,779
Gasoline Tax	1,152,800
Total MVGT Fund	<u>2,194,021</u>
<b>ACDD Fund:</b>	
Homestead and Rollback	<u>341,929</u>
<b>Community Alternatives:</b>	
Title XIX	82,270
<b>Other Funds:</b>	
Community Development Block Grant	18,969
IDAT	4
Revitalization Grant	57,763
Community Housing Impact and Preservation Program	9,557
Children's Services	106,181
Noble Township Bridge Grant	10,777
FAA Grant	1,017
Airport Sewer Grant	9,975
DARE Grant	10,476
Jobs and Family Services Grant	211,971
Continuing Professional Training Grant	4,240
Impaired Driving Enforcement Program	3,019
Selective Traffic Enforcement Program	1,515
Law Enforcement Grant	12,000
PSI Writer Grant	14,131
Smart Ohio Pilot Grant	75,000
Child Support Enforcement Agency Grant	44,674
Total Other Funds	<u>591,269</u>
Total Due From Other Governments	<u><u>\$3,959,432</u></u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**10. RECEIVABLES (Continued)**

A summary of the principal items of accounts receivables follows:

<b>General Fund:</b>	<b>Amount</b>
Fees	\$28,375
Fines	4,378
Claims	14,605
Refunds	6,707
Reimbursement	4,032
Total General Fund	<u>58,097</u>
<b>MVGT Fund</b>	
Engineer Fees	32,635
Fines	1,185
Total MVGT Fund	<u>33,820</u>
<b>SWM Fund:</b>	
Generation Fee	21,936
Recycle Sales	2,575
Total SWM Fund	<u>24,511</u>
<b>Community Alternatives:</b>	
Day Hab Fees	<u>182,648</u>
<b>Other Funds:</b>	
Fines	7,643
CAUV Fees	625
GLTF Fees	8,315
Phone Commissary Fees	868
Child Support Enforcement Agency Fees	111
Children Services Fees	10,647
Total Other Funds	<u>28,209</u>
Total Governmental Funds Accounts	<u>327,285</u>
<b>Auglaize Acres:</b>	
Auglaize Acres – Room and Board	612,135
Auglaize Acres – Other	3,812
Total Auglaize Acres Accounts Receivable	<u>615,947</u>
<b>Sewer Funds:</b>	
South Grand Lake Sewer Charges	44,233
Villa Nova Sewer Charges	5,694
Sharlon Sewer Charges	1,117
Beverly Hills Sewer Charges	4,832
Sherwood Forest Sewer Charges	2,922
Pleasantview Sewer Charges	4,986
KZ Sewer Charges	1,647
Arrowhead Estates Sewer Charges	2,557
Uniopolis Sewer Charges	8,501
Forest Lane Sewer Charges	2,056
Sandy Beach Sewer Charges	22,398
Total Sewer Funds	<u>100,943</u>
Total Enterprise Funds	<u>716,890</u>
Total Accounts Receivable	<u><u>\$1,044,175</u></u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**10. RECEIVABLES (Continued)**

A summary of the principal items of notes receivables follows:

<b>Other Funds:</b>	
Thermal Maintenance	\$118,635
Industrial Paint and Strip	130,362
Johnna's LLC	5,268
Western Ohio Hardware	115,878
Mile Creek Animal Clinic	43,520
Total Notes Receivable	\$413,663

**11. CAPITAL ASSETS**

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

<b>Governmental Activities</b>	<b>Balance January 1</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31</b>	
<b>Non Depreciable Assets:</b>					
Land	\$1,988,029			\$1,988,029	
Construction in Progress	776,071	\$236,200	(\$524,905)	487,366	
Total Non-Depreciable	2,764,100	236,200	(524,905)	2,475,395	
<b>Depreciable Assets:</b>					
Land Improvements	4,538,380	124,888		4,663,268	
Buildings & Improvements	25,451,878	747,912	(115,706)	26,084,084	
Infrastructure	42,119,852	991,797	(192,552)	42,919,097	
Equipment, Furniture, Fixtures	12,217,037	714,977	(602,977)	12,329,037	
Total Depreciable	84,327,147	2,579,574	(911,235)	85,995,486	
<b>Accumulated Depreciation:</b>					
Land Improvements	3,339,530	390,502		3,730,032	
Buildings & Improvements	10,095,643	898,915	(54,323)	10,940,235	
Infrastructure	19,918,925	1,905,574	(158,952)	21,665,547	
Equipment, Furniture, Fixtures	8,366,069	830,755	(536,494)	8,660,330	
Total Accumulated Depreciation	41,720,167	4,025,746	(749,769)	44,996,144	
Net Depreciable Assets	42,606,980	(1,446,172)	(161,466)	40,999,342	
Total Governmental Activities					
Capital Assets (Net)	\$45,371,080	(\$1,209,972)	(\$686,371)	\$43,474,737	
<b>Business-Type Activities</b>	<b>Balance January 1</b>	<b>Additions</b>	<b>Transfers</b>	<b>Reductions</b>	<b>Balance December 31</b>
<b>Non Depreciable Assets:</b>					
Land	\$56,298	\$56,410			\$112,708
Construction in Progress		65,779			65,779
Total Non-Depreciable Assets	56,298	122,189			178,487
<b>Depreciable Assets:</b>					
Buildings & Improvements	1,280,578	71,100			1,351,678
Sewer – Infrastructure	5,856,943	802,690			6,659,633
Equip, Furn & Fixtures	433,916	45,454		(\$5,015)	474,355
Total Depreciable	7,571,437	919,244		(5,015)	8,485,666

(Continued)

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**11. CAPITAL ASSETS (Continued)**

<u>Business-Type Activities</u>	<u>Balance January 1</u>	<u>Additions</u>	<u>Transfers</u>	<u>Reductions</u>	<u>Balance December 31</u>
<b>Accumulated Depreciation:</b>					
Buildings & Improvements	1,002,256	49,260			1,051,516
Sewer – Infrastructure	2,942,855	134,139			3,076,994
Equip, Furn & Fixtures	353,518	17,790		(\$5,015)	366,293
Total Accum Depr	<u>4,298,629</u>	<u>201,189</u>		<u>(5,015)</u>	<u>4,494,803</u>
Net Depreciable Assets	<u>3,272,808</u>	<u>718,055</u>		<u>0</u>	<u>3,990,863</u>
Business Type Activities					
Capital Assets (Net)	<u>\$3,329,106</u>	<u>\$840,244</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,169,350</u>

Depreciation expense was charged to governmental programs as follows:

General Government - Legislative and Executive	\$1,452,973
General Government - Judicial	5,836
Public Safety	149,964
Public Works	2,313,209
Health	64,311
Human Services	39,453
Total Depreciation Expense	<u>\$4,025,746</u>

**12. RISK MANAGEMENT**

**A. Transference of Risk: Property, Crime and Liability**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The County participates in the Midwest Pool Risk Management Agency, Inc. (MPRMA) (the Pool) which is a public entity risk pool, (see Note 19) for general liability, automobile liability, public officials' liability and property and crime insurance.

Coverage provided by the pool is as follows:

**Property:**

Maximum per occurrence \$83,094,500

**Subject to following sub-limits:**

Flood*	36,000,000
Earthquake*	36,000,000
Demolition and Increased Cost of Construction	1,000,000
Extra Expense	275,000
Computer Equipment & Media	1,000,000
Computer Extra Expense	50,000
Property in Transit	20,000
Valuable Papers	100,000
Account Receivable	50,000
Mobile Equipment	2,665,000
Fine Arts	50,000
Automatic Builders' Risk	1,000,000
Automatic Newly-Acquired Property	1,000,000

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**12. RISK MANAGEMENT (Continued)**

**Crime:**

Employee Dishonesty and Faithful Performance	500,000
Money and Securities (Inside and Outside)	500,000
Forgery and Alteration	500,000

**Boiler and Machinery** 50,000,000

**Liability**

Maximum per occurrence 7,000,000

**Subject to following sub-limits:**

General, Law, Auto	7,000,000
Employee Benefits*	7,000,000
Ohio Stop Gap	7,000,000
Public Official Errors & Omissions*	7,000,000
Sexual Harassment*	1,000,000
County Home (primary and excess liability)	5,000,000
Pollution Liability	1,000,000

Limits include the pool self-insured retentions.

\*Limit is annual aggregate

Each member pays the first \$500 (deductible) of any physical damage to County automobiles, and crime loss involving county property. The pool pays (self-insured retention) for the next:

Crime, Pollution	\$25,000	per occurrence
Property, Auto, Physical Damage	100,000	per occurrence
Liability	100,000	per occurrence
Combined loss maximum	100,000	per occurrence

The Pool purchases excess commercial insurance to pay for claims in excess of the above member deductibles and pool self-insurance retentions. This insurance provides the following insurance limits:

Property and Auto Physical Damage	\$83,094,000
Crime	500,000
Liability	7,000,000
Professional Liability Policy for County Home	3,000,000
Pollution Liability	1,000,000

The amount of any claim or loss in excess of these amounts would be the responsibility of the County that incurred the claim or loss.

Member contributions to the Pool are adjusted annually and are calculated to annually produce a sufficient sum of money to pay Pool expenses including estimated Pool self-insured losses and claims adjustment expense.

Under the terms of Pool membership, should the annual member contributions not be sufficient to fully fund Pool expenses including ultimate losses, the Board of Trustees can require supplementary contributions. Supplementary contributions, if required, would be based on the Members' pre-determined percentage share of Pool costs for that year. Supplementary contributions can be accessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**12. RISK MANAGEMENT (Continued)**

Provisions for claim reserves and loss adjustment expenses are based on information reported by members and are calculated by the Pool's claim administrator and independent actuary. These amounts represent an estimate of reported, unpaid claims, plus provisions for claims incurred and not reported. The Pool's management believes that the estimate of the liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amount included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

To lower costs to pool members, MPRMA joined with other Ohio public entities to form a new excess pool called the Public Entity Risk Consortium (PERC). The PERC pool provides self-insured retentions for each of the member pools as follows: Property – up to \$250,000 per occurrence, Liability – up to \$500,000 per occurrence and annual Stop Loss for the period of 12/1/13 through 11/30/14 up to \$1,550,000 maximum. As of November 30, 2013 PERC has cash reserves of \$6,379,961 which, in the opinion of an outside actuary and management, is adequate for any claims currently pending against the pool.

**B. Transference of Risk: Employee Health Insurance**

The County is part of the Midwest Employee Benefit Consortium (MEBC) (the Consortium) for its employee health insurance, and retains no risk for this plan (see Note 19). Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of the Association and to create adequate reserves for claims and unallocated loss adjustment expenses. Under the terms of membership, should annual member contributions not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative expenses, the Board of Trustees can require supplementary contributions. Supplementary contributions can be assessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by the Consortium's claims administrator. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred and not reported. The Consortium's management believes that the estimate of liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amounts included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

**C. Transference of Risk: Workers Compensation Insurance**

For 2014, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (See Note 19). The plan is intended to achieve lower workers' compensation rates while establishing safer 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 in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**12. RISK MANAGEMENT (Continued)**

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plans' selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

**D. Retention of Risk: Flexible Spending, Employee Drug Card and Reimbursed Health Claims**

In addition to the basic Health Care Benefit Plan, the County has established a "Flexible Spending Account" to supplement the services provided under the Basic Health Care Benefit Plan and the County self-funds an employee prescription drug card administered through Caremark/CVS.

1. Each year the County deposits into the "flexible spending account" the amount of \$150 for a single coverage plan and \$300 for a family coverage plan. These funds may be used, as the employee determines, to cover health care expenses which are not covered under the County's basic health care program or to provide additional coverage for items which are part of the County's basic health care coverage. This plan is administered by Polaris Benefit Administrators.
2. The County's Basic Health Care Program has an agreement with Caremark/CVS to provide prescription drugs to the County's Basic Health Care Plan members. Under this program, the employee pays a deductible for each prescription filled and the County pays the balance.
3. The County reimburses Medicare for any past payments for services to Auglaize County employees that should have been covered by the Auglaize County Group Health plan but were originally paid by Medicare.

**13. DEFINED BENEFIT PENSION PLANS**

The County participates in the Ohio Public Employees Retirement System (OPERS). The OPERS administers three separate pension plans. The traditional 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 percent 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. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but not less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

The OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional pension and 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 that may be obtained by visiting [www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml), writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

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. Separate divisions for law enforcement and public safety exist only within the traditional pension plan. For the year ended December 31, 2014, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10.0 percent of their earnable salaries. Members participating in the traditional plan that were in law enforcement contributed 13.0 percent of their annual covered salary. The County's contribution rate for pension benefits for 2014 was 14.0 percent, except for those plan members in law enforcement. For that classification, the County's pension contributions were 18.1 percent of earnable salary. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional and Combined Plan was 2.0 percent. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 were \$1,815,204, \$1,924,014, and \$1,491,694 respectively; 85 percent has been contributed for 2014 and 100 percent for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$43,469 made by the County and \$31,049 made by the plan members.

**14. POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients 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.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**14. POST-EMPLOYMENT BENEFITS (Continued)**

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting [www.opers.org/investments/cafr.shtml](http://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.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014 local government employer units contributed at 14.0% of earnable payroll, and public safety and law enforcement employer units contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual employer contributions for 2014 were \$266,441 for regular employees and \$26,974 for law enforcement employees. For 2013 and 2012, the actual employer contributions were \$131,111 and \$526,302 respectively, for regular employees and \$12,786 and \$49,887 respectively, for law enforcement employees; 85 percent has been contributed for 2014 and 100 percent for 2013 and 2012.

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 passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**15. COMPENSATED ABSENCES**

Vacation is earned at rates which vary depending upon length of service and standard work week. The county currently has different policies regarding vacation leave. All of the policies allow the County employees to be paid for all earned, unused vacation leave at the time of termination of employment with more than one year of service with the County.

Employees earn sick leave at varying rates based on whether the employee is union or non-union. Upon retirement, employees with ten or more years of service are paid one-fourth of accumulated sick leave up to a maximum of 480 hours.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**16. LEASES – LESSEE DISCLOSURE**

The County has entered into a lease for office space. The lease entered into does not meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The schedule for future minimum long-term operating lease payments as of December 31, 2014 is as follows:

<u>Year</u>	<u>Special Revenue Fund</u>
2015	\$10
2016	10
2017	10
2018	10
2019	10
2020	10
2021	10
Total	<u>\$70</u>

**17. DEBT OBLIGATIONS**

The County's long-term obligations at year-end consist of the following:

<b>Governmental Activities</b>	<b>Restated Balance 12/31/13</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/14</b>	<b>Due Within One Year</b>
<b>General Obligation Bonds:</b>					
2005 – 2.4% - 4.1%					
Original Amount \$475,000					
Human Services Building	\$165,000		(\$40,000)	\$125,000	40,000
<b>Ohio Public Works Loan</b>					
Sandy Beach Storm Sewer	51,144		(5,114)	46,030	5,114
Noble Township Bridge	81,600	\$94,400	(4,400)	171,600	8,800
Total Ohio Public Works Loans	132,744	94,400	(9,514)	217,630	13,914
<b>Special Assessment Notes:</b>					
Campbell Ditch-4.59%	1,995	1,995	(499)	1,496	997
Kaeck #2 Ditch-2.86%	19,193	19,193	(2,399)	16,794	4,798
Mackenbach Ditch-3.57%	13,555	13,555	(848)	12,707	1,696
Kah Sewer- 0%	179,341	49,319	(8,967)	40,352	8,967
Headapohl Ditch-2.49%	33,577	31,477	(4,201)	27,276	4,201
Highlawn Ditch-3.13%	10,554	9,894	(1,321)	8,573	1,321
Gibson Ditch-3.24%	37,188	37,188		37,188	4,649
Vertner Ditch-2.87%	122,631	57,161	(15,343)	41,818	15,343
Crow #2 Ditch-5.25%	4,428	3,099	(885)	2,214	885
Ramga #2 Ditch-4.87%	62,606	15,651	(7,826)	7,825	7,825
Jacob Ditch – 3.35%	44,653	33,490	(5,582)	27,908	5,582
Harruff Ditch-3.55%	21,949	17,833	(2,744)	15,089	2,744

(Continued)

**FINANCIAL CONDITION  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

<b>Governmental Activities: (Cont'd.)</b>	<b>Restated Balance 12/31/13</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/14</b>	<b>Due Within One Year</b>
Kellermeyer #2 – 4.60%	31,687	15,844	(3,961)	11,883	3,961
Shaw Ditch-5.1%	34,116	6,397	(4,264)	2,133	2,133
Barnt Ditch-5.1%	7,860	1,474	(982)	492	492
Kettler Ditch–3.85%	132,172	74,347	(16,521)	57,826	16,521
Bennett Ditch – 3.39%	100,113	68,794	(12,527)	56,267	12,527
Newland Ditch-3.39%	41,562	32,645	(5,945)	26,700	5,945
Spencer #2 Ditch–4.05%	24,428	15,267	(3,053)	12,214	3,053
Barrington Ditch–4.6%	2,088	1,039	(260)	779	260
Evans #2 Ditch-3.15%	27,039	25,349	(3,380)	21,969	3,380
Koch Ditch-3.15%	16,571	14,232	(2,071)	12,161	2,071
Arnold Ditch-5.5%	16,687	4,172	(2,086)	2,086	2,086
Lowry Ditch-3.39%	17,884	14,531	(2,235)	12,296	2,235
Clause #2 Ditch-3.12%	168,876	168,876	(17,132)	151,744	21,130
Henschen Ditch-4.67%	52,540	9,851	(6,567)	3,284	3,284
Nielson Ditch-4.67%	18,609	3,489	(2,326)	1,163	1,163
IOOF Ditch-4.2%	24,981	6,245	(3,123)	3,122	3,122
Muddy Creek Jt – 3.85%	69,323	43,327	(8,665)	34,662	8,665
Huebner Ditch-3.12%	131,257	131,257	(26,212)	105,045	16,423
Bryant Ditch– 3.95%	34,838	21,774	(4,355)	17,419	4,355
Annesser Ditch – 4.15%	78,281	24,463	(9,785)	14,678	9,785
Fritz Ditch – 4.45%	9,379	5,276	(1,172)	4,104	1,172
Huenke #2 Ditch– 4.35%	21,531	6,728	(2,691)	4,037	2,691
Wheeler Ditch-3.39%	21,483	21,483	(1,343)	20,140	2,686
Gutman #3 Ditch-3.31%	9,324	9,324	(1,165)	8,159	1,165
Dearbaugh Ditch-3.39%	21,498	21,498	(1,165)	21,498	2,688
Klosterman Ditch-3.06%	45,527	45,527	(5,691)	39,836	5,691
Freeman Ditch – 3.95%	32,149	18,084	(4,019)	14,065	4,019
Rapp #3-3.49%	17,727	17,727	(1,165)	17,727	2,217
Barnes #2 – 4.59%	7,589	5,689	(950)	4,739	950
Stoner Ditch – 4.50%	8,138	3,052	(1,017)	2,035	1,017
Simms Run Ditch – 4.50%	25,530	9,574	(3,191)	6,383	3,191
Shearer #3 Ditch – 3.81%	20,446	6,389	(2,556)	3,833	2,556
Spencer Ditch – 4.70%	30,285	11,357	(3,786)	7,571	3,786
Cartwright Ditch – 4.70%	10,726	1,788	(1,788)	(1,788)	(1,788)
Luedeke Ditch – 4.52%	14,337	6,272	(1,792)	4,480	1,792
McKee Ditch – 4.60%	36,178	15,828	(4,522)	11,306	4,522
Helmstetter Ditch -4.60%	1,846	185	(185)	(185)	(185)
Burr Oak Ditch – 4.50%	36,970	16,174	(4,621)	11,553	4,621
Total Special Assessment Notes	762,411	432,772	(226,554)	968,629	226,363
<b>Total Other Long Term Obligations:</b>					
Compensated Absences	1,920,936	950,216	(876,580)	1,994,572	817,033
Total Governmental Activities	<u>\$2,981,091</u>	<u>\$1,477,388</u>	<u>(\$1,152,648)</u>	<u>\$3,305,831</u>	<u>\$1,097,310</u>

<b>Business Type Activities</b>	<b>Balance 12/31/13</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/14</b>	<b>Due Within One Year</b>
<b>Other Long-Term Obligations:</b>					
Compensated Absences	\$169,551	\$110,643	\$(131,601)	\$148,593	\$90,013
Total Business Type Activities	<u>\$169,551</u>	<u>\$110,643</u>	<u>\$(131,601)</u>	<u>\$148,593</u>	<u>\$90,013</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

All general obligation bonds are supported by the full faith and credit of the County. All outstanding special assessment bonds consist of sewer construction projects which are payable from the proceeds of tax assessments levied against benefited individual property owners.

The human services bonds were issued for the purpose of acquiring, renovating and improving a building for the use of County offices and will be paid from human services revenues. This was refunded in 2005.

The County obtained a loan from the Ohio Public Works Commission in the amount of \$102,288 for a term of twenty years for the purpose of assisting in the cost of the Sandy Beach sewer installation project. The infrastructure from this project is not owned by the County. The County obtained a loan from the Ohio Public Works Commission in the amount of \$176,000 for a term of twenty years for the purpose of assisting in the cost of rehabilitating 2 county bridges. The infrastructure from this project is owned by the County.

All special assessment notes had been issued for the terms allowed by law. These notes are to be repaid through assessments against benefited property owners. Proceeds from the notes were used for ditch construction and improvement. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet the annual principal and interest payments.

Compensated absences liability will be paid from the fund from which the employees' salaries are paid.

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 should not 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 should not 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 effects of the debt limitations described above at December 31, 2014 are an overall debt margin of \$21,615,948 and an un-voted debt margin of \$9,246,329.

The following is a summary of the County's future annual debt service requirements, including interest, for long-term obligations:

Year	General Obligation Bonds	Special Assessment Notes	OPWC Promissory Loans	Total Debt Obligations
2015	\$45,065	\$258,951	\$13,914	\$317,930
2016	43,465	223,175	13,914	280,554
2017	46,845	189,975	13,914	250,734
2018		148,946	13,914	162,860
2019		101,774	13,914	115,688
2020-2024		147,020	64,460	211,480
2025-2029			44,000	44,000
2030-2034			39,600	39,600
Total	135,375	1,069,841	217,630	1,422,846
<b>Less:</b>				
Interest	10,375	101,212		111,587
Outstanding Principal	\$125,000	\$968,629	\$217,630	\$1,311,259

**FINANCIAL CONDITION  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

The County has also received two loan agreements from the Ohio Water and Sewer Rotary Commission in regard to the construction of two sewer districts. These loans provide funding assistance for that portion of the project for which collections of assessments from certain owners of undeveloped property located within an agricultural district are exempted pursuant to Ohio Rev. Code Section 929.03 subject to the performance of certain terms and conditions of repayment.

As part of the agreement, the change of the use of any parcel, pursuant to Ohio Admin. Code Section 1525-1-06, would require repayment to the Ohio Water and Sewer Rotary Commission for the full amount of the assessment for the portion of the property for which the use has changed pursuant to Division C of Ohio Rev. Code Section 929.03. Therefore, until a change in use occurs, no liability has been recorded for these loans.

A summary of the loan transactions for the year ended December 31, 2014 is as follows:

<u>Project Loans:</u>	<u>Outstanding 12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/14</u>
Southeast Sewer District	\$1,196,367			\$1,196,367
Sandy Beach Sewer District	209,786			209,786
Total	<u>\$1,406,153</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,406,153</u>

**A. Current Refunding**

On February 23, 2005, the County issued at par \$475,000 of County Building Acquisition Refunding Bonds Limited Tax General Obligation (the "Bonds") for the purpose of refunding \$450,000 of then-outstanding 1992 Long Term General Obligation bonds. The 2005 bonds bear an average coupon rate of 3.725580 percent and the final payment due December 1, 2017. As a result, \$450,000 of the 1992 Long Term General Obligation bonds are considered to be defeased and the liability for those bonds have been removed from the county's long-term obligations.

**18. FUND BALANCES**

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 the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>MVGT</u>	<u>SWM</u>	<u>ACDD</u>
<b>Non-Spendable:</b>				
Inventory	\$86,786	\$441,548		\$6,340
Prepays	107,109	23,049	\$226	2,852
Notes Receivable				
Interfund Receivable	1,589,971			
<b>Restricted for:</b>				
Debt Service				
Capital Outlay				
MVGT		1,025,471		
ACDD				3,412,967
Other Purpose				

(Continued)

**FINANCIAL CONDITION  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**18. FUND BALANCES (Continued)**

<u>Fund Balances</u>	<u>General</u>	<u>MVGT</u>	<u>SWM</u>	<u>ACDD</u>
<b>Committed to:</b>				
Capital Outlay				
Other Purpose				
Assigned	2,934,367			
Unassigned	3,848,987		(1,013,865)	
<b>Total Fund Balances</b>	<b>\$8,567,220</b>	<b>\$1,490,068</b>	<b>(\$1,013,639)</b>	<b>\$3,422,159</b>

<u>Fund Balances</u>	<u>Community Alternatives</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Non-Spendable:</b>			
Inventory		\$14,302	\$548,976
Prepays	\$485	95,949	229,670
Notes Receivable		413,663	413,663
Interfund Receivable		288,707	1,878,678
<b>Restricted for:</b>			
Debt Service		94,475	94,475
Capital Outlay		124,371	124,371
MVGT			1,025,471
ACDD			3,412,967
Other Purpose	4,017,452	6,115,233	10,132,685
<b>Committed to</b>			
Capital Outlay		656,763	656,763
Other Purpose		131,716	131,716
Assigned			2,934,367
Unassigned		(203,073)	2,632,049
<b>Total Fund Balances</b>	<b>\$4,017,937</b>	<b>\$7,732,106</b>	<b>\$24,215,851</b>

**19. PUBLIC ENTITY RISK POOLS**

**A. Midwest Pool Risk Management Agency, Inc.**

Midwest Pool Risk Management Agency, Inc. is an Ohio not-for-profit corporation organized under Chapter 2744.081 of the Ohio Revised Code for the purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool.

Specifically, the pool provides coverage for automobile liability, general liability, crime and property (including automobile physical damage) and public officials' liability (See Note 12). In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials. The Association includes the following member counties within the State of Ohio: Auglaize, Hancock, Mercer, Shelby, and Van Wert.

Member and supplemental contributions are recognized on an accrual basis and are recorded as revenue in the month earned. For the current agreement dated August 1, 2006, the percentage of contributions by the members and their equity interests are:

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**19. PUBLIC ENTITY RISK POOLS (Continued)**

<u>County</u>	<u>%</u>	<u>Fixed Costs</u>	<u>Loss Fund</u>
Auglaize	22.43	\$198,071	\$57,792
Hancock	23.95	211,493	101,808
Mercer	18.86	166,545	78,288
Shelby	23.06	203,634	131,628
Van Wert	11.70	103,318	50,484

The financial statements of Midwest Risk Pool Management Agency, Inc. can be obtained from Don Regula, Auglaize County Commissioner and Treasurer of the Midwest Pool Risk Management Agency.

**B. Midwest Employee Benefit Consortium**

Midwest Employee Benefit Consortium (MEBC) is an Ohio not-for-profit corporation organized under Ohio Rev. Code Sections 304.171 and 9.833 for the public purpose of enabling its five members political subdivisions to obtain insurance coverage, provide methods for paying claims, and provide a formalized jointly administered self-insurance pool. Specifically, this pool provides coverage for health benefits to employees of its members.

In addition to the self-insurance pool, the Consortium provides risk management services and established loss reduction and prevention procedures and programs.

The members of the Association include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Van Wert, and Shelby. The financial statements of Midwest Employee Benefit Consortium can be obtained from the Auglaize County Board of Commissioners.

**C. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan**

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association Service Corporation (CAOSC) was established through the County Commissioners Association of Ohio (CAAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers.

The group executive committee consists of seven members. Two members are the president and treasurer of CAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**20. JOINTLY GOVERNED ORGANIZATIONS**

**A. Auglaize County Regional Planning Commission**

The Auglaize Regional Planning Commission (the Commission) is a jointly governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty seven members, any of which may hold any other public office.

The County is represented by three members, each of the two Cities within the county is represented by two members, all participating villages within the county are represented by one member each, and participating townships within the county are represented by one member each.

Other members include: a representative from all participating board of trustees; the mayor or a council member of each participating incorporated village; two representatives from each of the Cities of Wapakoneta and St. Marys, one being the Mayor or his designee and one being appointed by City Council. The remaining members of the Commission shall be representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representations as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute up to .10 cents per capita, according to the latest federal census, in any calendar year in which revenue is needed.

The Commission has no outstanding debt as of December 31, 2014. The following unaudited cash financial data of the Commission is presented for the year ended December 31, 2014:

	<b>Joint Venture</b>	<b>Auglaize County's 50 Percent</b>
Total Non-Operating Revenues	\$10	\$5
Total Operating Expenses	(1,192)	(596)
Net Income (Loss)	(1,182)	(591)
Fund Balance, January 1, 2014	3,080	1,540
Fund Balance, December 31, 2014	\$1,898	\$949

**B. Workforce Investment Act Consortium of Auglaize, Hardin, and Mercer Counties**

The objectives of the Workforce Investment Act (WIA) are to increase the employment, retention, and earnings of participants in the program, and as a result improve the quality of the workforce, reduce welfare dependency, and enhance the productivity of the Nation. Ohio is organized into seven local workforce investment areas.

There are six "traditional" local areas and a seventh area known as the Ohio Option, which includes most of the State. Each traditional area has its own workforce investment board and acts as its own workforce investment system. The Ohio Option is subdivided into local Workforce Development Areas (WDA), typically county or multi-county WDA's. Each Workforce Investment or Policy Board is responsible for developing "one-stop" service delivery systems in the local area. The one-stop system is a network of required partners delivering training/employment services and activities defined in the law.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**20. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The Federal WIA program is administered through the Ohio Department of Job and Family Services and operates on a state fiscal year from July 1 to June 30. Effective July 1, 2002, Auglaize County participated in a multi-county WDA with Hardin and Mercer Counties, with Mercer as the fiscal agent.

**C. West Central Ohio Network**

The West Central Ohio Network (West CON) is a regional council of governments. West CON is comprised of the boards of Developmental Disabilities (DD) of several counties, including, Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin. The Board of Directors is made up of the Superintendents from each of these DD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board. West CON is the administrator and fiscal agent of Supported Living funds for each of these Boards of Developmental Disabilities. The following unaudited financial data of the West Central Ohio Network - Auglaize County is presented on a cash basis for the year ended December 31, 2014.

	<b>County Portion</b>
Total Operating Revenue	\$987,116
Total Operating Expenses	(1,135,412)
Net Income (Loss)	(148,296)
Fund Balance, January 1, 2014	1,848,135
12/31/13 Fund Balance Adjustment	(6,160)
Fund Balance, December 31, 2014	<b>\$1,693,679</b>

Financial information can also be obtained from the West Central Ohio Network, 315 East Court Street, Sidney, Ohio 45365.

**D. Auglaize and Mercer Counties Convention and Visitors Bureau**

The Auglaize and Mercer Counties Convention and Visitors Bureau (the Bureau) is a jointly governed organization between Auglaize and Mercer Counties for the purpose of promoting tourism and attracting tourists and conventions to the two counties. Membership is open to any person, firm, partnership, association, corporation, foundation, trust or estate subscribing to the purpose of this organization. The government of the Bureau, the general policies and control of its property is vested in a Board of Trustees. The Board shall be nineteen members composed of the following: seven appointees from Auglaize County, seven from Mercer County, one Auglaize County Commissioner or designee, one Mercer County Commissioner or designee, three members representing the following: Celina/Mercer County Chamber of Commerce, St. Marys Area Chamber of Commerce and the Wapakoneta Area Chamber of Commerce.

The Board conducts business and sponsors projects to further the purpose of the Bureau. The Bureau is funded primarily from a 3 percent (effective 7/1/96) lodging tax imposed by both counties. Payment is due to the county by the last day of the following month. The 2014 revenue received by the Bureau was \$163,297. Of this amount \$150,450 came from the lodging tax. \$83,468 of the total 2014 revenue was from Auglaize County. Financial information can be obtained from 900 Edgewater Drive, St Marys, Ohio 45885.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**20. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**E. Auglaize County Office of Homeland Security and Emergency Management**

The Auglaize County Office of Homeland Security and Emergency Management (the Agency) is a jointly governed organization between the County, the municipalities, and the townships within the County, formed to perform services of coordinating the emergency management activities within the county of Auglaize and the political subdivisions therein. The Cooperative has established a County-Wide Advisory Group for emergency management composed of a representative from each political subdivision cooperative member under Section 5915.06 of the Ohio Revised Code.

The advisory group appoints an executive committee composed of at least seven of the following members: three township representatives, two village or city representatives, one county commissioner and one non-elected representative. The tenure of the members of the executive committee is three years. A coordinator is appointed by the Emergency Management Executive Committee to carry out the cooperative agreement under the advisement of the committee. Financial information can be obtained from Troy Anderson, Director, Room 206, 209 South Blackhoof Street, Wapakoneta, Ohio 45895.

**F. Auglaize County Revolving Loan Fund Board**

The Board of County Commissioners has agreed to work with the West Central Development Corporation for any Auglaize County businesses or corporations desiring to participate in the Revolving Loan Program offered by the State of Ohio Department of Development. The Board of County Commissioners appointed ten members to oversee the Revolving Loan Fund concerns for Auglaize County.

**G. Grand Lake St. Marys Restoration Community Improvement Corporation**

The Auglaize County Commissioners and the Mercer County Commissioners joined together to form the Grand Lake St. Marys Restoration Community Improvement Corporation. The mission of this corporation is to support the advancement, encouragement and promotion of the industrial, economic, commercial and civic development of Grand Lake St. Marys and the surrounding area. It will aid in the research and development of technologies and provide funding opportunities to enhance the quality of water in Grand Lake St. Marys.

**H. Auglaize River and Two-Mile Creek Stream Enhancement Project**

The Boards of Auglaize, Allen and Shelby Counties as a Joint Board of County Commissioners joined together to form the Auglaize River and Two-Mile Creek Stream Enhancement Project, pursuant to the Ohio Revised Code, Section 1515.22, as each county contains land in the benefitted area. Each County Board of Commissioners approved the construction.

**I. Grand Lake St. Marys Lake Facilities Authority**

The Auglaize County Commissioners and the Mercer County Commissioners joined together to form the Grand Lake St Marys Lake Facilities Authority. Their desire is to enhance, promote, improve, remediate, foster, aid and rehabilitate the area. Grand Lake St Marys is a man-made lake of at least one-half square mile that has experienced levels of microcystin toxins in excess of eighty parts-per-billion, as measured by the Ohio Environmental Protection Agency in the 24 months preceding March 11, 2014. The Mercer County Auditor shall be the Fiscal Officer and the Mercer County Prosecutor shall be the Legal Advisor to the Grand Lake St. Marys Lake Facilities Authority.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**21. JOINT VENTURES**

**A. Grand Lake Task Force**

Auglaize and Mercer Counties share territory of the Grand Lake State Park which encounters unique enforcement problems. The Grand Lake Task Force was established in regards to federal financial assistance received from the Department of Justice which requires a twenty-five percent local matching share. Additional revenues were received through asset seizures, fines, and village law enforcement agency contributions.

The objective of the Grand Lake Task Force is to increase the number of criminal justice agencies working cooperatively to eliminate specifically targeted major narcotics trafficking conspiracies and the persons involved through investigations, arrests, prosecution, and convictions. Those participating in the project are Auglaize and Mercer County Sheriff's offices, Wapakoneta, St. Marys, Celina, Coldwater, Minster, and New Bremen Police offices, United States Investigative Agency Alcohol, Tobacco, and Firearms, Ohio Bureau of Criminal Investigation and Identification, and Auglaize and Mercer County Prosecutor's Offices. The Auglaize County Sheriff serves as the applicant who accepts the responsibility for the project's administrative and financial matters. The project requires a control group to be established of four members; one from a police department, one from a Sheriff's office, one from a prosecutor's office, and the Task Force Supervisor. This group allocates what funds are to be used for which investigations and to manage these resources and jointly manage project investigations.

The following unaudited financial data of the Grand Lake Task Force is presented on a cash basis for the year ended December 31, 2014:

	<b>Joint Venture</b>	<b>Auglaize County's 12.5 Percent</b>
Total Operating Revenues	\$107,898	\$13,487
Total Operating Expenses	(98,039)	(12,255)
Net Income (Loss)	9,859	1,232
Fund Balance, January 1, 2014	178,335	22,292
Fund Balance, December 31, 2014	\$188,194	\$23,524

**B. Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties**

The Mental Health and Recovery Services Board (MHRS) of Allen, Auglaize, and Hardin Counties, is a tri-county non-profit corporation whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

The Board of Trustees consists of sixteen members. Board members are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Allen, Auglaize and Hardin Counties, Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. The degree of control exercised by any participating government is limited to its representation on the Board. The MHRS Board is a joint venture since continued participation by the Counties is necessary for the continued existence.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**21. JOINT VENTURES (Continued)**

Allen County acts as the fiscal agent for the MHRS Board. The Board receives tax revenue from the three Counties and receives federal and state funding through grant monies which are applied for and received by the board of trustees. The MHRS Board is accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on members in the future. The Board has sole budgetary authority and controls surpluses and deficits and the county is not legally or morally obligated for the Board's debt.

During 2014, tax revenues generated by the levy in Auglaize County were \$345,445. Complete financial statements can be obtained from the MHRS Board, Allen County, Ohio.

**22. COMPONENT UNITS**

**A. Auglaize County Airport Authority (the Authority)**

**1. Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

The operations of the Authority are accounted for using proprietary fund accounting.

**2. Accounting System**

The Authority maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Authority and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**3. Revenue and Expenditure Recognition**

The Authority maintains its fund as a proprietary type fund. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The Authority reports deferred inflows on its statement of net position. Deferred Inflows arise when potential revenue meets the asset recognition criteria, but does not meet the revenue recognition criteria. In the subsequent period, when the revenue recognition criteria are met, the liability for deferred inflow is removed from the statement of net position and revenue is recognized. Hanger rent paid in advance is not considered earned until subsequent years.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**22. COMPONENT UNITS (Continued)**

**4. Cash**

To improve cash management, all cash received by the Authority is pooled in a central bank account. During fiscal year 2014, the Authority invested in interest bearing depository accounts and a certificate of deposit.

**5. Inventory**

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when purchased.

**6. Capital Assets and Depreciation**

Equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at the date of receipt. Depreciation of capital assets is on a straight line basis over the estimated useful lives (five to twenty years) of the respective assets. The Authority maintains a capitalization threshold of \$2,500. The land, buildings and improvements of the airport are owned by Auglaize County.

**B. Auglaize Industries, Inc**

**1. Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to United States generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The operations of Auglaize Industries are accounted for using proprietary accounting.

**2. Accounting System**

Auglaize Industries maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of Auglaize Industries and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**3. Revenue and Expense Recognition**

Auglaize Industries prepares its financial statements on the accrual basis of accounting, consequently certain revenues and related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

**4. Budgetary Process**

Through a contractual agreement with the Auglaize County Board of Developmental Disabilities, Section VII, Item Number 11, Auglaize Industries is required to prepare and approve an annual budget.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**22. COMPONENT UNITS (Continued)**

**5. Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires the use of managements estimates. Actual results may differ from those estimates.

**6. Cash and Investments**

To improve cash management, cash received by Auglaize Industries is maintained in a checking account or used to purchase investments. Investments are limited to certificates of deposits, government securities and mutual funds. Investments are stated at market value.

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**7. Capital Assets**

Buildings, equipment and improvements are stated at cost except for donated assets, which are stated at fair market value at the date of receipt. Auglaize Industries maintains a capitalization threshold of \$1,000. A portion of the facilities occupied by Auglaize Industries consists of additions to the original facilities owned by Auglaize County. Leasehold improvements are depreciated rateably over the estimated useful life. Depreciation of fixed assets is on a double declining balance basis over the estimated useful lives of the respective assets, as follows:

<u>Class of Asset</u>	<u>Years</u>
Leasehold Improvements	31 1/2
Transportation Equipment	5
Computers	5
Furniture and Fixtures	7

**8. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the year end, are recorded as prepaid items 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.

**9. Advertising**

Advertising costs are charged to operations when incurred. Advertising costs amounted to \$3,998 for 2014.

**10. Inventory**

Work is performed on customer owned materials. Inventory on hand at any one time consists primarily of consumable manufacturing supplies in nominal amounts. Accordingly, no manufacturing inventories are recognized on the financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

**22. COMPONENT UNITS (Continued)**

**11. Compensated Absences**

Governmental Accounting and Financial Reporting Standards specifies that a liability should be accrued for leave benefits if the employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered; the obligation relates to rights that vest or accumulate; payment of the compensation is probable; and the amount can be reasonably estimated. Auglaize Industries records a liability for accumulated unused vacation time when earned for workshop employees.

**23. RELATED PARTY TRANSACTIONS**

Auglaize Industries has entered into a contract with the Auglaize County Board of Developmental Disabilities (DD), whereby the DD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are reported on the income statement as Unrestricted Support. In 2014, the County was unable to establish a value for the contributions to Auglaize Industries for salaries, fringes, maintenance and repairs of buildings, transportation, and administrative costs.

**24. SIGNIFICANT CONTRACTUAL OBLIGATIONS**

At December 31, 2014, the County had entered into several contracts, the most significant of which include the following:

<u>Contractor</u>	<u>Amount</u>
Sidney Electric Company	\$427,900
Poggemeyer Design Group, Inc.	94,700
Woolpert, Inc.	58,255
Cy Schwieterman, Inc.	24,942
Miami County	106,000
Perry Protech, Inc.	185,906
Lima Allen Council on Community Affairs	45,000
Total Commitments	<u>\$942,703</u>

**25. CONTINGENT LIABILITIES**

**A. Grants**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or 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 immaterial.

**B. Litigation**

The County is involved in no litigation as either plaintiff or defendant which they believe would result in a liability having to be booked on the County's financial statements.

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**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number or Grant</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed through Ohio Development Services Agency				
Community Development Block Grants/States Program				
and Non-entitlement Grants in Hawaii				
Formula Grant	B-F-13-1AF-01	14.228	\$296,200	
Community Housing Improvement Program	B-C-12-1AF-01		3,145	
Residential Public Infrastructure Program	B-W-13-1AF-1		375,502	
Total Community Development Block Grants/States Program			<u>674,847</u>	
and Non-entitlement Grants in Hawaii				
HOME Investment Partnerships Program	B-C-12-1AF-02	14.239	<u>227,727</u>	
Total U.S. Department of Housing and Urban Development			<u>902,574</u>	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed through Ohio Department of Jobs and Family Services				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program				
	G-1415-11-5331	10.561	211,066	
Passed through Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	137125-05NP-2014	10.553	3,522	
National School Lunch Program	137125-LLN4-2014	10.555	4,934	\$745
Total Child Nutrition Cluster			<u>8,456</u>	<u>745</u>
Total U.S. Department of Agriculture			<u>219,522</u>	<u>745</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Passed through Ohio Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant Program	2013-DL-LEF-5804	16.738	14,322	
Edward Byrne Memorial Justice Assistance Grant Program	2012-DL-LEF-5804		26,136	
Edward Byrne Memorial Justice Assistance Grant Program	2012-JG-C01-6925		20,000	
Edward Byrne Memorial Justice Assistance Grant Program	2013-JG-C01-6925		36,000	
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>96,458</u>	
Passed through the Ohio Attorney General				
Crime Victim Assistance				
Crime Victim Assistance	2014-VAGENE-059	16.575	23,696	
Crime Victim Assistance	2015-VAGENE-059		5,872	
Total Crime Victim Assistance			<u>29,568</u>	
Total U.S. Department of Justice			<u>126,026</u>	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Direct				
Airport Improvement Program	3-39-0084-1511	20.106	<u>23,828</u>	
Passed through the Ohio Department of Transportation				
Highway Planning and Construction				
	PID 87078	20.205	489,578	
	PID 89123		689,188	
	PID 95140		102,868	
Total Highway Planning and Construction			<u>1,281,634</u>	
Passed through the Ohio Department of Public Safety				
National Priority Safety Programs				
	2015-6-00-00-00377-00	20.616	103	
Total U.S. Department of Transportation			<u>1,305,565</u>	

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number or Grant</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
Passed through the Ohio Secretary of State Help America Vote Act Requirements Payments	04-SOS-HAVA-06	90.401	1,184	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through Ohio Secretary of State Voting Access for Individuals with Disabilities Grants to States - PWTI Voting Access for Individuals with Disabilities Grants to States - PWTO	N/A	93.617	2,798 1,390 <u>4,188</u>	
Passed through Ohio Department of Jobs and Family Services Promoting Safe and Stable Families	G-1415-11-5331	93.556	39,401	
Temporary Assistance for Needy Families	G-1415-11-5331	93.558	668,036	
Child Support Enforcement	G-1415-11-5331	93.563	297,574	
Child Care and Development Block Grant	G-1415-11-5331	93.575	19,345	
Community Based Child Abuse Prevention Grant	G-1011-11-0011/G-89-20-1025	93.590	1,995	
Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5331	93.645	41,820	
Foster Care Title IV-E	G-1213-11-0011/G-1415-11-5331	93.658	94,421	
Adoption Assistance	G-1213-11-0011/G-1415-11-5331	93.659	121,870	
Chafee Foster Care Independence Program	G-1415-11-5331	93.674	2,090	
Medical Assistance Program	G-1415-11-5331	93.778	380,145 <u>1,666,697</u>	
Passed through Ohio Department of Developmental Disabilities Social Services Block Grant		93.667	28,226	
Passed through Ohio Department of Jobs and Family Services Social Services Block Grant	G-1415-11-5331	93.667	428,876	
Total Social Services Block Grant			<u>457,102</u>	
Total U.S. Department of Health and Human Services			<u>2,127,987</u>	
Total Federal Financial Assistance			<u>\$4,682,858</u>	<u>\$745</u>

See accompanying notes to the schedule of federal awards expenditures.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1: GENERAL**

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

**NOTE 2: SUB-RECIPIENTS**

The County passes-through certain federal awards received from the Ohio Development Services Agency to other governments (sub-recipients). As described in Note 1, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the County has certain compliance responsibilities such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that the sub-recipients achieve the awards performance goals.

**NOTE 3: FOOD SERVICES PROGRAMS – LAW ENFORCEMENT CENTER**

The Law Enforcement Center received federal assistance through the National School Lunch/Breakfast and Donated Food Programs. The National School Lunch and Breakfast programs are reimbursing in nature and revenues are considered expended when received. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

The above department is allowed a selection from a pool of foods, when available, under the Food Distribution Program. Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at fair value of the commodities received.

**NOTE 4: MATCHING REQUIREMENTS**

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

**NOTE 5: COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAM**

The County has established a revolving loan program to provide low-interest loans to existing businesses to create jobs for persons from low-moderate income households, to help with capital expenditures and to help with startup funds for new businesses. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Development Services Agency. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD and are also included as disbursements on the Schedule.

These loans are collateralized by equipment. At December 31, 2014 the gross amount of loans outstanding under this program was \$413,663.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**NOTE 5: COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAM  
(Continued)**

Activity in the CDBG revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$429,101
New loans	125,000
Loan principal repaid	<u>(140,438)</u>
Ending loans receivable balance as of December 31, 2014	<u>\$413,663</u>
Cash balance on hand in the revolving loan fund as of December 31, 2014	\$356,816
Administrative costs expended during 2014	\$48,944

**NOTE 6: TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2014, the County made allowable transfers of \$254,348 from the Temporary Assistance for Needy Families (TANF) (CFDA #93.558) program to the Social Services Block Grant (SSBG) (CFDA #93.667) program. The Schedule shows the County spent \$668,036 on the TANF 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	\$922,384
Transfer to Social Services Block Grant	<u>(254,348)</u>
Total Temporary Assistance for Needy Families	<u>\$668,036</u>



# 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

Financial Condition  
Auglaize County  
209 South Blackhoof Street  
Wapakoneta, Ohio 45895

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 units, each major fund, and the remaining fund information of Auglaize County, (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 November 3, 2015 wherein we noted that the County restated the January 1, 2013 Net Position of the Governmental Activities and the fund balance of the Auglaize County Developmental Disabilities (ACDD) fund. Our report refers to the other auditor who audited the financial statements of the discretely presented component unit, Auglaize Industries, Inc. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. We also qualified our opinion on the Auglaize County Airport Authority discretely presented component unit since it was not audited for the year ended December 31, 2014.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2014-002.

***County's Response to Findings***

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 3, 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

Financial Condition  
Auglaize County  
209 South Blackhoof Street  
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

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

We have audited Auglaize County'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 Auglaize County's major federal programs for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

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

The County's Management is responsible for complying with 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, Auglaize 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 identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings 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

November 3, 2015

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified Qualified for discretely presented component unit
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning and Construction CFDA #20.205  Community Development Block Grants/State's Program and Nonentitlement Grants in Hawaii CFDA #14.228  Medical Assistance Program CFDA #93.778  Temporary Assistance for Needy Families CFDA #93.558
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2014-001**

**Material Weakness – Financial Statement Errors**

The County prepared its annual financial statements in accordance with generally accepted accounting principles (GAAP). The County's Financial Report for 2014 contained the following errors that were adjusted in the financial statements.

1. Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance. The County did not include the \$2,851,726 excess of 2015 appropriations over estimated receipts as assigned fund balance in the General Fund for 2014.
2. In the Governmental Activities (GA) opinion unit, Charge for Services: Health and Accounts Receivable were understated by \$162,424 due to unrecorded receivables.
3. In the Community Alternatives opinion unit, Deferred Inflows and Accounts Receivable were understated by \$162,424 due to unrecorded receivables
4. Deferred Inflows of Resources - Property taxes levied for the next fiscal year was overstated in the Auglaize County Developmental Disabilities (ACDD) fund by \$341,929. Deferred Inflows of Resources - Intergovernmental was understated by \$341,929.

The following differences were immaterial and were not adjusted on the financial statements:

- In the Governmental Activities (GA) opinion unit, Depreciable Capital Assets, Net and Net Investment in Capital Assets were both understated by an estimated \$902,403 due to some bridges not having costs on the county's asset listing.
- Intergovernmental Revenue (operating) in the Sewer fund was overstated by \$13,482 and Intergovernmental Revenue (non-operating) was understated by \$13,482.
- Deferred Inflows of Resources - Property taxes levied for the next fiscal year was overstated in the general fund by \$213,908. Deferred Inflows of Resources - Intergovernmental was understated by \$213,908.

To improve the accuracy and completeness of the County's basic financial statements and to provide for comparative financial statements from year to year, the County should implement procedures to review the basic financial statements for accuracy and completeness, failure to do so could result in materially misstated financial statements.

**Officials' Response:** All errors have been addressed and workpapers have been updated as to not have these errors again.

**FINDING NUMBER 2014-002**

**Noncompliance/Finding for Recovery (Repaid While Under Audit)**

**Ohio Rev. Code Section 124.39(B)** states that except as provided in division (C) of this section, an employee of a political subdivision covered by section 124.38 or 3319.141 of the Revised Code may elect, at the time of retirement from active service with the political subdivision, and with ten or more years of service with the state, any political subdivisions, or any combination thereof, to be paid in cash for one fourth the value of the employee's accrued but unused sick leave credit. The payment shall be based on the employee's rate of pay at the time of retirement and eliminates all sick leave credit accrued but unused by the employee at the time payment is made. An employee may receive one or more payments under this division, but the aggregate value of accrued but unused sick leave credit that is paid shall not exceed, for all payments, the value of thirty days of accrued but unused sick leave.

Additionally, **Ohio Rev. Code Section 124.39(C)** states that a political subdivision may adopt a policy allowing an employee to receive payment for more than one-fourth the value of the employee's unused sick leave or for more than the aggregate value of thirty days of the employee's unused sick leave, or allowing the number of years of service to be less than ten. The political subdivision may also adopt a policy permitting an employee to receive payment upon a termination of employment other than retirement or permitting more than one payment to any employee.

**Auglaize County Personnel Policy Manual - Policy Section 5.02 Sick Leave Conversion**, states, in part, that employees who retire with 25 years or more of service with Auglaize County shall be paid 50% of their accrued sick leave balance up to a maximum value of 60 days or 480 hours of pay. Such payment shall be made once and shall eliminate all sick leave accrued by the employee

Auglaize County employee Pamela Fledderjohann retired with more than 25 years of service on June 30, 2014. She was paid for unused vacation, comp, and sick leave in the amount of \$22,295 on July 11, 2014. However, based upon County policy and the calculation below, she should have only been paid \$20,375

<b>Severance Pay Calculation</b>	
Vacation Hours	594.14
Compensatory Time Hours	9.75
Hourly Rate	<u>\$20.57</u>
Total Vacation Payout	<u>\$12,422</u>
Sick Leave Hours	773.23
50% Capped at 480	386.62
Hourly Rate	<u>\$20.57</u>
Total Sick Leave Payout	<u>\$7,953</u>
Total Severance	<u><u>\$20,375</u></u>

In accordance with the forgoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a finding for recovery for public money illegally expended in the amount of \$1,920 is hereby issued against Pamela Fledderjohann and in favor of Auglaize County Public Assistance Fund.

**FINDING NUMBER 2014-002**  
**(Continued)**

Pamela Fledderjohann repaid the entire finding amount in installments via checks 2555 (\$384.17) on August 18, 2015, 2584 (\$384.17) on September 17, 2015, 2610 (\$384.17) on October 16, 2015 and 2639 (\$768.32) on November 13, 2015.

The County should review severance compensation for employees and verify that payments are made in accordance with the County policy. Failure to do so could result in future severance overpayments.

**Officials' Response:** The overpaid employee signed an agreement to repay. She made payments, and the entire amount has been repaid. Procedures have been put in place by the payroll clerk to avoid this problem in the future.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2013-001	Significant Deficiency - Bank to Book Reconciliation Errors and Variances	Yes	
2013-002	<b>OMB Circular A-133 Subpart C, Section 300(d) and 310(b)(3)</b> – Failure to report on-behalf expenditures for the Highway Planning and Construction Grant CFDA #20.205 on the Schedule of Federal Awards Expenditures	Yes	

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# Dave Yost • Auditor of State

## AUGLAIZE COUNTY FINANCIAL CONDITION

### AUGLAIZE 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  
DECEMBER 8, 2015