



Dave Yost • Auditor of State

AUGLAIZE COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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 discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County, Ohio (the County), as of and for the year ended December 31, 2015, 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 Airport Authority and Auglaize Industries, which represent 100 percent of the assets, net position, and 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 amount included for the Airport Authority and Auglaize Industries, 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 us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, MVGT, SWM, 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 financial statements, during the year ended December 31, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The County also restated beginning net position of Governmental Activities for capital assets and internal service fund allocation. 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*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the 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 October 20, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

October 20, 2016

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AUGLAIZE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (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, 2015.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the County exceed liabilities and deferred inflows at December 31, 2015 by \$63,815,338. Of this amount \$16,762,002 may be used to meet ongoing obligations. As of December 31, 2015, the County's governmental activities reported net position of \$59,094,766 a decrease of \$344,486, after restating the December 31, 2014 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 a decrease in net position of \$133,723. At the end of the current fiscal year the unassigned fund balance for the general fund was \$4,352,893 which is available for spending at the County's discretion. The County's outstanding debt, not considering any additions, decreased by \$281,533 in governmental activities. In the general fund actual revenues were 8.1 percent higher than budgeted and expenditures were 10.8 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 the general fund 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 deferred outflows and liabilities and deferred inflows 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.

AUGLAIZE COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 33-79.

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 and deferred outflows exceeded liabilities and deferred inflows by \$63,815,338 as of December 31, 2015.

**Table 1
Net Position**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------|--------------------------------|------------------------|---------------------------------|------------------------|---------------|------------------------|
| | 2015 | 2014 – Restated | 2015 | 2014 – Restated | 2015 | 2014 – Restated |
| Assets: | | | | | | |
| Current and Other Assets | \$37,334,272 | \$36,852,634 | \$3,066,986 | \$3,106,025 | \$40,401,258 | \$39,958,659 |
| Capital Assets, Net | 43,237,201 | 44,377,136 | 4,063,935 | 4,169,350 | 47,301,136 | 48,546,486 |
| Total Assets | 80,571,473 | 81,229,770 | 7,130,921 | 7,275,375 | 87,702,394 | 88,505,145 |
| Deferred Outflow: | | | | | | |
| Pension | 2,399,863 | 1,698,054 | 396,185 | 275,064 | 2,796,048 | 1,973,118 |
| Liabilities: | | | | | | |
| Current and Other Liabilities | 2,353,976 | 2,158,252 | 415,578 | 381,758 | 2,769,554 | 2,540,010 |
| Long-Term: | | | | | | |
| Liabilities | 3,089,763 | 3,305,831 | 133,712 | 148,593 | 3,223,475 | 3,454,424 |
| Net Pension Liability | 11,970,083 | 11,699,719 | 2,215,841 | 2,165,793 | 14,185,924 | 13,865,512 |
| Total Liabilities | 17,413,822 | 17,163,802 | 2,765,131 | 2,696,144 | 20,178,953 | 19,859,946 |

(Continued)

AUGLAIZE COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

**Table 1
Net Position**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|----------------------------------|--------------------------|-----------------|--------------------------|-----------------|--------------|-----------------|
| | 2015 | 2014 – Restated | 2015 | 2014 – Restated | 2015 | 2014 – Restated |
| | Deferred Inflows: | | | | | |
| Property Taxes | 5,684,614 | 5,768,933 | | | 5,684,614 | 5,768,933 |
| Intergovernmental | 554,475 | 555,837 | | | 554,475 | 555,837 |
| Pension | 223,659 | | 41,403 | | 265,062 | |
| Total Def Inflows | 6,462,748 | 6,324,770 | 41,403 | | 6,504,151 | 6,324,770 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 42,989,401 | 44,080,537 | 4,063,935 | 4,169,350 | 47,053,336 | 48,249,887 |
| Restricted | 18,062,791 | 17,832,191 | | | 18,062,791 | 17,832,191 |
| Unrestricted | (1,957,426) | (2,473,476) | 656,637 | 684,945 | (1,300,789) | (1,788,531) |
| Total Net Position | \$59,094,766 | \$59,439,252 | \$4,720,572 | \$4,854,295 | \$63,815,338 | \$64,293,547 |

During 2015, the County adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

AUGLAIZE COUNTY

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

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

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

As a result of implementing GASB 68, the County is reporting a net pension asset/liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014; for governmental activities there was a negative effect of (\$9,989,725), and for business type activities, also a negative effect of (\$1,888,519).

The largest portion of the County’s net position, 74 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, 2015, the County is able to report positive balances in only two categories of net position instead of all three due to the implementation of GASB 68.

Analysis of the County’s Operation – The following table provides a summary of the County’s operations for 2015. The more significant changes are as follows:

**Table 2
Changes in Net Position**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Program Revenues: | | | | | | |
| Charges for Services | \$7,226,129 | \$7,985,296 | \$5,222,430 | \$5,604,428 | \$12,448,559 | \$13,589,724 |
| Operating Grants | 10,114,662 | 9,595,015 | | | 10,114,662 | 9,595,015 |
| Capital Grants/Contributions | 692,880 | 2,364,415 | 15,273 | 1,002,265 | 708,153 | 3,366,680 |
| General Revenues: | | | | | | |
| Property Taxes | 6,123,464 | 5,657,592 | | | 6,123,464 | 5,657,592 |
| Sales Tax | 9,443,956 | 8,953,958 | | | 9,443,956 | 8,953,958 |
| Intergovernmental | 1,111,778 | 957,010 | 2,358 | 13,482 | 1,114,136 | 970,492 |
| Gain/Loss on Sale of Assets | (44,092) | (138,380) | | 500 | (44,092) | (137,880) |
| Miscellaneous | 647,391 | 325,418 | 60,124 | 87,585 | 707,515 | 413,003 |
| Interest | 204,283 | 123,840 | | | 204,283 | 123,840 |
| Total Revenues | 35,520,451 | 35,824,164 | 5,300,185 | 6,708,260 | 40,820,636 | 42,532,424 |

(Continued)

AUGLAIZE COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

**Table 2
Changes in Net Position
(Continued)**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---------------------------|--------------------------------|---------------------|---------------------------------|--------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Program Expenses: | | | | | | |
| General Government | 7,914,818 | 7,435,404 | | | 7,914,818 | 7,435,404 |
| Public Safety | 6,175,407 | 5,982,893 | | | 6,175,407 | 5,982,893 |
| Public Works | 7,757,135 | 8,551,536 | | | 7,757,135 | 8,551,536 |
| Health | 7,540,177 | 7,600,838 | | | 7,540,177 | 7,600,838 |
| Human Services | 4,475,033 | 4,129,977 | | | 4,475,033 | 4,129,977 |
| Other | 1,968,288 | 1,963,447 | | | 1,968,288 | 1,963,447 |
| Interest & Fiscal Charges | 34,079 | 39,362 | | | 34,079 | 39,362 |
| GASB 68 restatement | | 9,989,725 | | 1,888,519 | | 11,878,244 |
| Sewer | | | 457,107 | 394,931 | 457,107 | 394,931 |
| Auglaize Acres | | | 4,976,801 | 4,901,667 | 4,976,801 | 4,901,667 |
| Total Expenses | 35,864,937 | 45,693,182 | 5,433,908 | 7,185,117 | 41,298,845 | 52,878,299 |
| Changes in Net Position | (344,486) | (9,869,018) | (133,723) | (476,857) | (478,209) | (10,345,875) |
| Net Position January 1 | 59,439,252 | 69,308,270 | 4,854,295 | 5,331,152 | 64,293,547 | 74,639,422 |
| Net Position December 31 | <u>\$59,094,766</u> | <u>\$59,439,252</u> | <u>\$4,720,572</u> | <u>\$4,854,295</u> | <u>\$63,815,338</u> | <u>\$64,293,547</u> |

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,583,329. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Table 3

| | Governmental Activities | Business-Type Activities | Total |
|--|--------------------------------|---------------------------------|--------------------|
| Total 2015 program expenses under GASB 68 | \$35,864,937 | \$5,433,908 | \$41,298,845 |
| Pension expense under GASB68 | (1,336,013) | (247,316) | (1,583,329) |
| 2015 contractually required contribution | 1,758,502 | 277,459 | 2,035,961 |
| Adjusted 2015 program expenses | 36,287,426 | 5,464,051 | 41,751,477 |
| Total 2014 program expenses under GASB 27 | 36,605,856 | 5,296,598 | 41,902,454 |
| Increase (decrease) in program expenses not related to pension | <u>(\$318,430)</u> | <u>\$167,453</u> | <u>(\$150,977)</u> |

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. Table 4 shows the total cost of services and the net cost of services for governmental activities for 2015 and 2014. 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.

AUGLAIZE COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

**Table 4
Total Costs versus Net Costs
Governmental Type Activities**

| | 2015 | | 2014 | |
|-----------------------------|---------------------------------|----------------------|------------------------|----------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | \$5,661,126 | \$4,262,680 | \$5,271,420 | \$3,755,086 |
| Judicial | 2,253,692 | 524,193 | 2,163,984 | 482,986 |
| Public Safety | 6,175,407 | 4,949,087 | 5,982,893 | 4,912,331 |
| Public Works | 7,757,135 | 1,805,624 | 9,453,935 | 1,363,146 |
| Health | 7,540,177 | 3,415,780 | 7,600,838 | 3,306,168 |
| Human Services | 4,475,033 | 872,935 | 4,129,977 | 840,204 |
| Other | 1,968,288 | 1,966,888 | 1,963,447 | 1,961,847 |
| Interest and Fiscal Charges | 34,079 | 34,079 | 39,362 | 39,362 |
| Total Expenses | \$35,864,937 | \$17,831,266 | \$36,605,856 | \$16,661,130 |
| | | | | |
| | Business Type Activities | | | |
| | 2015 | | 2015 | |
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Auglaize Acres | \$4,976,801 | \$144,253 | \$4,901,667 | (\$327,436) |
| Sewer | 457,107 | 51,952 | 394,931 | (982,659) |
| Total Expenses | \$5,433,908 | \$196,205 | \$5,296,598 | (\$1,310,095) |

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, unassigned 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 \$24,472,014. Of this \$4,352,893 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 \$87,987 for debt service payments and \$1,019,988 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 \$4,352,893 while the total fund balance was \$9,095,377.

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.

The MVGT fund balance has decreased by \$176,813 to \$1,313,255. The decrease is due to an increase in public works expenditures. The SWM fund balance has decreased by \$58,362 to (\$1,072,001). The decrease is due to a decrease in revenues and an increase in expenditures. The ACDD fund balance has increased by \$394,676 to \$3,816,835. The increase is due to a decrease in health expenditures. The Community Alternatives fund balance decreased by \$116,655 to \$3,901,282. The decrease is due to an increase in expenditures.

AUGLAIZE COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

Enterprise Funds – The County's enterprise funds had a decrease in net position. These funds comprise of the County's business type activities.

The county home's (Auglaize Acres) net position decreased by \$85,429 to \$256,228. In 2003 the facility became a Certified Long-term Care Facility. The various sewers fund net position decreased by \$48,294 to \$4,464,344.

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 \$1,103,561 higher than final budget estimates of \$13,528,173.

Total actual expenditures and other financing uses were \$1,916,743 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 5
Capital Assets at Year-End
Net of Accumulated Depreciation**

| | Governmental Activities | | Business-Type | | Total | |
|-----------------------------------|-------------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| | 2015 | 2014 – Restated | 2015 | 2014 | 2015 | 2014 – Restated |
| Land & Improvements | \$2,569,978 | \$2,921,265 | \$112,708 | \$112,708 | \$2,682,686 | \$3,033,973 |
| Infrastructure | 21,420,738 | 22,155,949 | 3,448,500 | 3,582,639 | 24,869,238 | 25,738,588 |
| Buildings/Improvements | 14,302,499 | 15,143,849 | 270,122 | 300,162 | 14,572,621 | 15,444,011 |
| Construction in Progress | 560,261 | 487,366 | 15,273 | 65,779 | 575,534 | 553,145 |
| Equipment, Furniture /Fixtures | 4,383,725 | 3,668,707 | 217,332 | 108,062 | 4,601,057 | 3,776,769 |
| Total | \$43,237,201 | \$44,377,136 | \$4,063,935 | \$4,169,350 | \$47,301,136 | \$48,546,486 |

**Table 6
Outstanding Debt at Year-End
Governmental Activities**

| | 2015 | 2014 |
|---|--------------------|--------------------|
| General Obligation Bonds Human Services | \$85,000 | \$125,000 |
| Ohio Public Works Loan | 203,716 | 217,630 |
| Special Assessment Notes | 878,533 | 968,629 |
| Total | \$1,167,249 | \$1,311,259 |

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

AUGLAIZE COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget centers on a stable economic climate. The county unemployment rate is 4.7 percent, .3 percent lower than the state rate of 5.0 percent (December, 2015). 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 2016.

Ditch note debt incurred since January 1, 2016 is \$187,605.

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.

AUGLAIZE COUNTY

**STATEMENT OF NET POSITION
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2015**

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|---------------------|----------------------|------------------------|
| | Governmental Activities | Business-Type Activities | Total | Airport Authority | Auglaize Industries |
| Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$20,374,537 | \$2,532,826 | \$22,907,363 | | |
| Cash and Cash Equivalents in Segregated Accounts | | | | \$117,998 | \$905,202 |
| Cash and Cash Equivalents With Fiscal Agent | 2,000,685 | | 2,000,685 | | |
| Materials and Supplies Inventory | 638,071 | 28,822 | 666,893 | 29,599 | |
| Accrued Interest Receivable | 89,390 | | 89,390 | | |
| Accounts Receivable | 164,221 | 565,601 | 729,822 | 11,523 | 26,070 |
| Internal Balances | 72,555 | (72,555) | | | |
| Due from Other Governments | 4,328,675 | | 4,328,675 | | 15,385 |
| Prepaid Items | 416,202 | 4,182 | 420,384 | | 1,000 |
| Sales Taxes Receivable | 1,564,250 | | 1,564,250 | 235 | |
| Property Taxes Receivable | 6,388,206 | | 6,388,206 | | |
| Notes Receivable | 334,220 | | 334,220 | | |
| Special Assessments Receivable | 919,449 | | 919,449 | | |
| Net Pension Asset | 43,811 | 8,110 | 51,921 | | |
| Non Depreciable Assets | 2,548,290 | 127,981 | 2,676,271 | | |
| Depreciable Capital Assets, Net | 40,688,911 | 3,935,954 | 44,624,865 | 182,329 | 83,002 |
| Total Assets | <u>80,571,473</u> | <u>7,130,921</u> | <u>87,702,394</u> | <u>341,684</u> | <u>1,030,659</u> |
| Deferred Outflows of Resources: | | | | | |
| Pension | 2,399,863 | 396,185 | 2,796,048 | | |
| Liabilities: | | | | | |
| Accounts Payable | 790,423 | 227,842 | 1,018,265 | 7,335 | 1,492 |
| Contracts Payable | 430,890 | | 430,890 | | |
| Accrued Wages | 551,925 | 110,431 | 662,356 | | 7,661 |
| Due to Other Governments | 392,059 | 73,279 | 465,338 | 1,089 | 4,589 |
| Due to Clients | | 4,026 | 4,026 | | |
| Accrued Interest Payable | 10,775 | | 10,775 | | |
| Undistributed Assets | 177,904 | | 177,904 | | |
| Retainage Payable | | | | | |
| Long-Term Liabilities: | | | | | |
| Due Within One Year | 1,081,250 | 82,077 | 1,163,327 | | |
| Due in More than One Year: | | | | | |
| Net Pension Liability | 11,970,083 | 2,215,841 | 14,185,924 | | |
| Other Amounts Due In More Than One Year | 2,008,513 | 51,635 | 2,060,148 | | |
| Total Liabilities | <u>17,413,822</u> | <u>2,765,131</u> | <u>20,178,953</u> | <u>8,424</u> | <u>13,742</u> |
| Deferred Inflows of Resources: | | | | | |
| Property taxes levied for the next year | 5,684,614 | | 5,684,614 | | |
| Intergovernmental | 554,475 | | 554,475 | | |
| Pension | 223,659 | 41,403 | 265,062 | | |
| Airport receipts collected for subsequent year | | | | 10,301 | |
| Total Deferred Inflows of Resources | <u>6,462,748</u> | <u>41,403</u> | <u>6,504,151</u> | <u>10,301</u> | |
| Net Position: | | | | | |
| Net Investment in Capital Assets | 42,989,401 | 4,063,935 | 47,053,336 | 182,329 | 83,002 |
| Restricted for: | | | | | |
| Capital Projects | 1,408,298 | | 1,408,298 | | |
| Debt Service | 164,150 | | 164,150 | | |
| Other Purposes | 16,490,343 | | 16,490,343 | 590 | |
| Unrestricted (Deficit) | (1,957,426) | 656,637 | (1,300,789) | 140,040 | 933,915 |
| Total Net Position | <u>\$59,094,766</u> | <u>\$4,720,572</u> | <u>\$63,815,338</u> | <u>\$322,959</u> | <u>\$1,016,917</u> |

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

**STATEMENT OF ACTIVITIES
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | Program Revenues | | | |
|---------------------------------------|-------------------------|---|---|------------------|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | \$5,661,126 | \$1,080,483 | \$317,963 | |
| Judicial | 2,253,692 | 1,546,636 | 182,863 | |
| Public Safety | 6,175,407 | 388,562 | 820,383 | \$17,375 |
| Public Works | 7,757,135 | 2,979,911 | 2,345,557 | 626,043 |
| Health | 7,540,177 | 1,085,721 | 3,028,176 | 10,500 |
| Human Services | 4,475,033 | 143,416 | 3,419,720 | 38,962 |
| Other | 1,968,288 | 1,400 | | |
| Interest and Fiscal Charges | 34,079 | | | |
| Total Governmental Activities | 35,864,937 | 7,226,129 | 10,114,662 | 692,880 |
| Business-Type Activities: | | | | |
| Auglaize Acres | 4,976,801 | 4,817,275 | | 15,273 |
| Sewer | 457,107 | 405,155 | | |
| Total Business-Type Activities | 5,433,908 | 5,222,430 | | 15,273 |
| Total - Primary Government | \$41,298,845 | \$12,448,559 | \$10,114,662 | \$708,153 |
| Component Units: | | | | |
| Airport Authority | \$278,276 | \$341,378 | | |
| Auglaize Industries | 475,652 | 499,715 | | |
| Total Component Units | \$753,928 | \$841,093 | \$0 | |

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.

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|---------------------------------|---------------------|--------------------------|----------------------------|
| Primary Government | | | Component Units | |
| Governmental Activities | Business-Type Activities | Total | Airport Authority | Auglaize Industries |
| | | | | |
| (\$4,262,680) | | (\$4,262,680) | | |
| (524,193) | | (524,193) | | |
| (4,949,087) | | (4,949,087) | | |
| (1,805,624) | | (1,805,624) | | |
| (3,415,780) | | (3,415,780) | | |
| (872,935) | | (872,935) | | |
| (1,966,888) | | (1,966,888) | | |
| (34,079) | | (34,079) | | |
| <u>(17,831,266)</u> | | <u>(17,831,266)</u> | | |
| | | | | |
| | (\$144,253) | (144,253) | | |
| | (51,952) | (51,952) | | |
| | <u>(196,205)</u> | <u>(196,205)</u> | | |
| | | | | |
| <u>(17,831,266)</u> | <u>(196,205)</u> | <u>(18,027,471)</u> | | |
| | | | | |
| | | | \$63,102 | |
| | | | | \$24,063 |
| | | | <u>63,102</u> | <u>24,063</u> |
| | | | | |
| | | | | |
| 2,366,199 | | 2,366,199 | | |
| 3,757,265 | | 3,757,265 | | |
| | | | | |
| 8,194,987 | | 8,194,987 | | |
| 552,969 | | 552,969 | | |
| 696,000 | | 696,000 | | |
| 1,111,778 | 2,358 | 1,114,136 | | |
| (44,092) | | (44,092) | | |
| 204,283 | | 204,283 | 414 | 26,333 |
| 647,391 | 60,124 | 707,515 | | 6,287 |
| <u>17,486,780</u> | <u>62,482</u> | <u>17,549,262</u> | <u>414</u> | <u>32,620</u> |
| | | | | |
| (344,486) | (133,723) | (478,209) | 63,516 | 56,683 |
| | | | | |
| <u>59,439,252</u> | <u>4,854,295</u> | <u>64,293,547</u> | <u>259,443</u> | <u>960,234</u> |
| | | | | |
| <u>\$59,094,766</u> | <u>\$4,720,572</u> | <u>\$63,815,338</u> | <u>\$322,959</u> | <u>\$1,016,917</u> |

AUGLAIZE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

| | General | MVGT | SWM |
|---|---------------------|--------------------|--------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$6,480,436 | \$406,026 | \$379,701 |
| Cash and Cash Equivalents With Fiscal Agent | 177,904 | | |
| Due from other Governments | 808,022 | 2,249,165 | 759 |
| Materials and Supplies Inventory | 88,048 | 508,874 | |
| Accrued Interest Receivable | 2,452 | | |
| Accounts Receivable | 2,502 | 15,621 | 19,124 |
| Due from other Funds | 1,543,894 | 3,163 | |
| Prepaid Items | 300,572 | 18,249 | 717 |
| Sales Taxes Receivable | 1,448,250 | | |
| Property Taxes Receivable | 2,431,650 | | |
| Note Receivable | | | |
| Special Assessments Receivable | | | |
| Total Assets | 13,283,730 | 3,201,098 | 400,301 |
| Liabilities: | | | |
| Accounts Payable | 457,494 | 56,840 | 23,749 |
| Contracts Payable | | | |
| Accrued Wages | 300,840 | 67,446 | 9,623 |
| Short term comp abs | 6,908 | | |
| Intergovernmental Payable | 237,889 | 48,721 | 6,749 |
| Undistributed Assets | 177,904 | | |
| Due to Other Funds | 6,295 | 3,327 | 1,432,181 |
| Total Liabilities | 1,187,330 | 176,334 | 1,472,302 |
| Deferred Inflows of Resources: | | | |
| Property taxes levied for the next fiscal year | 2,382,999 | | |
| Revenue not available: | | | |
| Delinquent property tax | 48,651 | | |
| Charges for Services | | | |
| Intergovernmental | 569,373 | 1,711,509 | |
| Special Assessments | | | |
| Accrued Interest | | | |
| Total Deferred Inflows of Resources | 3,001,023 | 1,711,509 | |
| Fund Balances: | | | |
| Non-spendable: | | | |
| Inventory | 88,048 | 508,874 | |
| Prepays | 300,572 | 18,249 | 717 |
| Notes Receivable | | | |
| Interfund Receivable | 1,501,985 | | |
| Restricted for: | | | |
| Debt Service | | | |
| Capital Outlay | | | |
| MVGT | | 786,132 | |
| Developmental Disabilities | | | |
| Other Purposes | | | |
| Committed to: | | | |
| Capital Outlay | | | |
| Other Purposes | | | |
| Assigned | 2,851,879 | | |
| Unassigned | 4,352,893 | | (1,072,718) |
| Total Fund Balances | 9,095,377 | 1,313,255 | (1,072,001) |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$13,283,730 | \$3,201,098 | \$400,301 |

See accompanying notes to the basic financial statements.

| ACDD | Community Alternatives | Other Governmental Funds | Total Governmental Funds |
|--------------------|-----------------------------------|---|---|
| \$2,130,307 | \$3,797,018 | \$7,142,838 | \$20,336,326 |
| 1,822,781 | | | 2,000,685 |
| 342,689 | 107,383 | 820,657 | 4,328,675 |
| 5,558 | | 35,591 | 638,071 |
| | | 86,938 | 89,390 |
| | 113,997 | 9,677 | 160,921 |
| | | 365,070 | 1,912,127 |
| 4,851 | 420 | 91,393 | 416,202 |
| | | 116,000 | 1,564,250 |
| 3,956,556 | | | 6,388,206 |
| | | 334,220 | 334,220 |
| | | 919,449 | 919,449 |
| <u>8,262,742</u> | <u>4,018,818</u> | <u>9,921,833</u> | <u>39,088,522</u> |
| 33,793 | 3,539 | 202,313 | 777,728 |
| | | 430,890 | 430,890 |
| 76,628 | | 94,212 | 548,749 |
| | | | 6,908 |
| 36,166 | | 61,131 | 390,656 |
| | | | 177,904 |
| 75 | | 409,593 | 1,851,471 |
| <u>146,662</u> | <u>3,539</u> | <u>1,198,139</u> | <u>4,184,306</u> |
| 3,856,090 | | | 6,239,089 |
| 100,466 | | | 149,117 |
| | 113,997 | | 113,997 |
| 342,689 | | 300,041 | 2,923,612 |
| | | 919,449 | 919,449 |
| | | 86,938 | 86,938 |
| <u>4,299,245</u> | <u>113,997</u> | <u>1,306,428</u> | <u>10,432,202</u> |
| 5,558 | | 35,591 | 638,071 |
| 4,851 | 420 | 91,393 | 416,202 |
| | | 334,220 | 334,220 |
| | | 259,837 | 1,761,822 |
| | | 87,987 | 87,987 |
| | | 185,372 | 185,372 |
| | | | 786,132 |
| 3,806,426 | | | 3,806,426 |
| | 3,900,862 | 5,548,277 | 9,449,139 |
| | | 834,616 | 834,616 |
| | | 112,820 | 112,820 |
| | | | 2,851,879 |
| | | (72,847) | 3,207,328 |
| <u>3,816,835</u> | <u>3,901,282</u> | <u>7,417,266</u> | <u>24,472,014</u> |
| <u>\$8,262,742</u> | <u>\$4,018,818</u> | <u>\$9,921,833</u> | <u>39,088,522</u> |

AUGLAIZE COUNTY

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015**

| | | |
|---|--------------|--------------|
| Total Governmental Funds Balances | | \$24,472,014 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | | 43,237,201 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Grants | \$918,070 | |
| Property Tax | 149,117 | |
| Sales Tax | 248,174 | |
| Special Assessments | 919,449 | |
| Interest | 86,938 | |
| Local Government | 148,431 | |
| Casino Revenue | 145,602 | |
| Gas Tax | 745,330 | |
| Charges for Services | 113,997 | |
| Charges for Services - licenses | 718,005 | |
| Total | 4,193,113 | 4,193,113 |
| 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 | (85,000) | |
| Special Assessment Notes | (878,534) | |
| Compensated Absences | (1,913,464) | |
| Ohio Public Works Loan | (203,715) | |
| Accrued Interest Payable | (10,775) | |
| Total | (3,091,488) | (3,091,488) |
| The net pension asset/liability is not refunded/due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds: | | |
| Net Pension Asset | 43,811 | |
| Deferred Outflows - Pension | 2,399,863 | |
| Deferred Inflows - Pension | (223,659) | |
| Net Pension Liability | (11,970,083) | |
| Total | (9,750,068) | (9,750,068) |
| 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 position | | 33,994 |
| Net Position of Governmental Activities | | \$59,094,766 |

See accompanying notes to the basic financial statements.

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AUGLAIZE COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>General</u> | <u>MVGT</u> | <u>SWM</u> |
|--|--------------------|--------------------|----------------------|
| Revenues: | | | |
| Property Taxes | \$2,323,029 | | |
| Sales and Permissive Tax | 8,194,987 | \$552,969 | |
| Interest | 202,861 | 1,290 | |
| Licenses and Permits | 3,033 | | |
| Fines and Forfeitures | 572,667 | 23,018 | |
| Intergovernmental | 1,563,729 | 3,932,705 | |
| Charges for Services | 1,605,314 | 321,444 | \$261,261 |
| Special Assessments | | | 367,458 |
| Other | 281,139 | 5,763 | 106,980 |
| Total Revenues | <u>14,746,759</u> | <u>4,837,189</u> | <u>735,699</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government: | | | |
| Legislative and Executive | 3,952,990 | | |
| Judicial | 1,867,626 | | |
| Public Safety | 5,443,568 | | |
| Public Works | 436,289 | 5,017,062 | |
| Health | 94,659 | | 799,048 |
| Human Services | 401,512 | | |
| Other | 1,965,430 | | |
| Capital Outlay | | | |
| Debt Service: | | | |
| Principal Retirement | | | |
| Interest and Fiscal Charges | | | |
| Total Expenditures | <u>14,162,074</u> | <u>5,017,062</u> | <u>799,048</u> |
| Excess of Revenues Over/(Under) Expenditures | <u>584,685</u> | <u>(179,873)</u> | <u>(63,349)</u> |
| Other Financing Sources (Uses) | | | |
| Sale of Fixed Assets | 10,504 | 28,935 | 4,987 |
| Other Financing Sources | 2,079 | | |
| Proceeds from Notes | | | |
| Transfers In | 107,264 | | |
| Transfers Out | (176,375) | (25,875) | |
| Total Other Financing Sources (Uses) | <u>(56,528)</u> | <u>3,060</u> | <u>4,987</u> |
| Net Change in Fund Balances | 528,157 | (176,813) | (58,362) |
| Fund Balances (Deficits) Beginning of Year | <u>8,567,220</u> | <u>1,490,068</u> | <u>(1,013,639)</u> |
| Fund Balances (Deficits) End of Year | <u>\$9,095,377</u> | <u>\$1,313,255</u> | <u>(\$1,072,001)</u> |

See accompanying notes to the basic financial statements.

| <u>ACDD</u> | <u>Community Alternatives</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------|-----------------------------------|---|---|
| \$3,712,858 | | | \$6,035,887 |
| | | \$696,000 | 9,443,956 |
| 194 | | 15,502 | 219,847 |
| | | | 3,033 |
| | | 246,599 | 842,284 |
| 2,352,497 | \$594,702 | 4,725,470 | 13,169,103 |
| | 195,881 | 1,267,124 | 3,651,024 |
| | | 739,210 | 1,106,668 |
| 3,855 | 8,400 | 461,888 | 868,025 |
| <u>6,069,404</u> | <u>798,983</u> | <u>8,151,793</u> | <u>35,339,827</u> |
| | | 588,968 | 4,541,958 |
| | | 468,783 | 2,336,409 |
| | | 761,744 | 6,205,312 |
| | | 1,304,036 | 6,757,387 |
| 5,249,878 | 1,340,638 | 199,454 | 7,683,677 |
| | | 4,071,373 | 4,472,885 |
| | | 1,427 | 1,966,857 |
| | | 979,648 | 979,648 |
| | | 281,532 | 281,532 |
| | | 35,379 | 35,379 |
| <u>5,249,878</u> | <u>1,340,638</u> | <u>8,692,344</u> | <u>35,261,044</u> |
| <u>819,526</u> | <u>(541,655)</u> | <u>(540,551)</u> | <u>78,783</u> |
| | | | |
| 150 | | 1,210 | 45,786 |
| | | | 2,079 |
| | | 137,523 | 137,523 |
| | 425,000 | 223,782 | 756,046 |
| <u>(425,000)</u> | | <u>(136,804)</u> | <u>(764,054)</u> |
| <u>(424,850)</u> | <u>425,000</u> | <u>225,711</u> | <u>177,380</u> |
| | | | |
| 394,676 | (116,655) | (314,840) | 256,163 |
| <u>3,422,159</u> | <u>4,017,937</u> | <u>7,732,106</u> | <u>24,215,851</u> |
| <u>\$3,816,835</u> | <u>\$3,901,282</u> | <u>\$7,417,266</u> | <u>\$24,472,014</u> |

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, 2015**

| | | |
|---|--------------------|---------------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$256,163 |
| 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 | \$270,989 | |
| Depreciable capital assets | 2,785,078 | |
| Depreciation expense | <u>(4,106,124)</u> | (1,050,057) |
| 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 | (45,786) | |
| Loss on sale of capital assets | <u>(44,092)</u> | (89,878) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Grants | 164,788 | |
| Property Tax | 87,577 | |
| Sales Tax | 18,518 | |
| Special Assessments | (95,210) | |
| Interest | (14,274) | |
| Local Government | 20,965 | |
| Casino Revenue | 20,999 | |
| Gas Tax | (12,850) | |
| Charges for Services | 113,997 | |
| Charges for Services - licenses | <u>(102,065)</u> | 202,445 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Principal | | 281,532 |
| Note proceeds and some advances are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net position | | |
| Notes payable | | (137,523) |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | | |
| Accrued Interest | | 1,300 |
| 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 | | 32,073 |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | |
| | | 1,758,502 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. | | |
| | | (1,518,845) |
| 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 | | |
| | | <u>(80,198)</u> |
| Change in Net Position of Governmental Activities | | <u><u>(\$344,486)</u></u> |

See accompanying notes to the basic financial statements.

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, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes | \$2,353,926 | \$2,353,926 | \$2,338,342 | (\$15,584) |
| Sales tax | 7,000,000 | 7,000,000 | 7,984,212 | 984,212 |
| Charges for services | 1,252,670 | 1,252,670 | 1,342,765 | 90,095 |
| License and permits | 2,890 | 2,890 | 3,033 | 143 |
| Fines and forfeitures | 526,500 | 526,500 | 573,060 | 46,560 |
| Intergovernmental | 1,467,087 | 1,467,087 | 1,559,674 | 92,587 |
| Investment income | 80,000 | 80,000 | 207,960 | 127,960 |
| Other operating income | 824,600 | 824,600 | 602,923 | (221,677) |
| Total Revenues | <u>13,507,673</u> | <u>13,507,673</u> | <u>14,611,969</u> | <u>1,104,296</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 4,363,794 | 4,466,794 | 4,119,160 | 347,634 |
| Judicial | 2,080,994 | 2,278,494 | 1,700,605 | 577,889 |
| Public Safety | 6,219,268 | 6,249,267 | 5,740,593 | 508,674 |
| Public Works | 518,343 | 511,343 | 468,018 | 43,325 |
| Health | 103,858 | 97,858 | 94,659 | 3,199 |
| Human Services | 471,515 | 471,515 | 405,183 | 66,332 |
| Other | 2,416,604 | 2,406,604 | 2,170,539 | 236,065 |
| Total Expenditures | <u>16,174,376</u> | <u>16,481,875</u> | <u>14,698,757</u> | <u>1,783,118</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(2,666,703)</u> | <u>(2,974,202)</u> | <u>(86,788)</u> | <u>2,887,414</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Fixed Assets | 10,000 | 10,000 | 10,504 | 504 |
| Other Financing Sources | 10,000 | 10,000 | 1,997 | (8,003) |
| Transfers In | 500 | 500 | 7,264 | 6,764 |
| Transfers Out | (467,000) | (310,000) | (176,375) | 133,625 |
| Total Other Financing Sources (Uses) | <u>(446,500)</u> | <u>(289,500)</u> | <u>(156,610)</u> | <u>132,890</u> |
| Net Change in Fund Balance | (3,113,203) | (3,263,702) | (243,398) | 3,020,304 |
| Fund Balance Beginning of Year | 5,000,697 | 5,000,697 | 5,000,697 | |
| Prior Year Encumbrances Appropriated | <u>297,227</u> | <u>297,227</u> | <u>297,227</u> | |
| Fund Balance End of Year | <u>\$2,184,721</u> | <u>\$2,034,222</u> | <u>\$5,054,526</u> | <u>\$3,020,304</u> |

See accompanying notes to the basic financial statements.

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, 2015**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Sales tax | \$530,000 | \$530,000 | \$553,185 | \$23,185 |
| Charges for services | 392,000 | 392,000 | 339,045 | (52,955) |
| Fines and forfeitures | 20,000 | 20,000 | 22,174 | 2,174 |
| Intergovernmental | 3,830,000 | 3,830,000 | 3,949,073 | 119,073 |
| Investment income | 1,000 | 1,000 | 1,329 | 329 |
| Other operating income | 164,000 | 164,000 | 3,528 | (160,472) |
| Total Revenues | <u>4,937,000</u> | <u>4,937,000</u> | <u>4,868,334</u> | <u>(68,666)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Personal services | 2,727,954 | 2,673,646 | 2,560,124 | 113,522 |
| Materials and supplies | 1,585,751 | 1,633,646 | 1,437,522 | 196,124 |
| Charges and services | 799,612 | 806,025 | 724,139 | 81,886 |
| Capital outlay and equipment | 425,834 | 425,834 | 398,837 | 26,997 |
| Other operating expense | 24,324 | 24,324 | 22,929 | 1,395 |
| Total Expenditures | <u>5,563,475</u> | <u>5,563,475</u> | <u>5,143,551</u> | <u>419,924</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(626,475)</u> | <u>(626,475)</u> | <u>(275,217)</u> | <u>351,258</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Fixed Assets | | 17,075 | 28,935 | 11,860 |
| Transfer Out | (8,800) | (25,875) | (25,875) | |
| Total Other Financing Sources (Uses) | <u>(8,800)</u> | <u>(8,800)</u> | <u>3,060</u> | <u>11,860</u> |
| Net Change in Fund Balance | (635,275) | (635,275) | (272,157) | 363,118 |
| Fund Balance Beginning of Year | 614,714 | 614,714 | 614,714 | |
| Prior Year Encumbrances Appropriated | <u>20,561</u> | <u>20,561</u> | <u>20,561</u> | |
| Fund Balance End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$363,118</u></u> | <u><u>\$363,118</u></u> |

See accompanying notes to the basic financial statements.

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, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| Revenues: | | | | |
| Special Assessments | \$369,000 | \$369,000 | \$367,843 | (\$1,157) |
| Charges for services | 272,000 | 272,000 | 265,006 | (6,994) |
| Other operating income | 104,800 | 104,800 | 110,676 | 5,876 |
| Total Revenues | <u>745,800</u> | <u>745,800</u> | <u>743,525</u> | <u>(2,275)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health: | | | | |
| Personal services | 414,764 | 409,996 | 376,005 | 33,991 |
| Materials and supplies | 60,152 | 60,152 | 58,564 | 1,588 |
| Charges and services | 216,182 | 293,150 | 289,308 | 3,842 |
| Capital outlay and equipment | 48,942 | 130,834 | 129,160 | 1,674 |
| Other operating expense | 160,900 | 161,200 | 161,200 | |
| Total Expenditures | <u>900,940</u> | <u>1,055,332</u> | <u>1,014,237</u> | <u>41,095</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(155,140)</u> | <u>(309,532)</u> | <u>(270,712)</u> | <u>38,820</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Fixed Assets | | | 4,987 | 4,987 |
| Total Other Financing Sources (Uses) | | | <u>4,987</u> | <u>4,987</u> |
| Net Change in Fund Balance | (155,140) | (309,532) | (265,725) | 43,807 |
| Fund Balance Beginning of Year | 603,307 | 603,307 | 603,307 | |
| Prior Year Encumbrances Appropriated | <u>15,418</u> | <u>15,418</u> | <u>15,418</u> | |
| Fund Balance End of Year | <u>\$463,585</u> | <u>\$309,193</u> | <u>\$353,000</u> | <u>\$43,807</u> |

See accompanying notes to the basic financial statements.

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, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes | \$3,538,895 | \$3,538,895 | \$3,704,706 | \$165,811 |
| Intergovernmental | 946,000 | 946,000 | 1,138,355 | 192,355 |
| Investment income | 0 | 0 | 193 | 193 |
| Other operating income | 16,000 | 16,000 | 3,855 | (12,145) |
| Total Revenues | <u>4,500,895</u> | <u>4,500,895</u> | <u>4,847,109</u> | <u>346,214</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health: | | | | |
| Personal services | 2,857,328 | 2,851,328 | 2,670,145 | 181,183 |
| Materials and supplies | 187,360 | 187,360 | 98,176 | 89,184 |
| Charges and services | 1,586,728 | 1,592,728 | 1,519,139 | 73,589 |
| Capital outlay and equipment | 38,850 | 38,850 | 9,136 | 29,714 |
| Total Expenditures | <u>4,670,266</u> | <u>4,670,266</u> | <u>4,296,596</u> | <u>373,670</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(169,371)</u> | <u>(169,371)</u> | <u>550,513</u> | <u>719,884</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 150 | 150 |
| Operating Transfers Out | 0 | (425,000) | (425,000) | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(425,000)</u> | <u>(424,850)</u> | <u>150</u> |
| Net Change in Fund Balance | (169,371) | (594,371) | 125,663 | 720,034 |
| Fund Balance Beginning of Year | 1,804,774 | 1,804,774 | 1,804,774 | 0 |
| Prior Year Encumbrances Appropriated | 52,493 | 52,493 | 52,493 | 0 |
| Fund Balance End of Year | <u>\$1,687,896</u> | <u>\$1,262,896</u> | <u>\$1,982,930</u> | <u>\$720,034</u> |

See accompanying notes to the basic financial statements.

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, 2015**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|---------------------------|---------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Charges for Services | \$175,000 | \$175,000 | \$216,104 | \$41,104 |
| Intergovernmental | 568,000 | 568,000 | 569,590 | 1,590 |
| Other operating income | 11,550 | 11,550 | 8,400 | (3,150) |
| Total Revenues | <u>754,550</u> | <u>754,550</u> | <u>794,094</u> | <u>39,544</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health | | | | |
| Charges and services | 1,022,228 | 1,447,228 | 1,377,499 | 69,729 |
| Capital outlay and equipment | 5,000 | 5,000 | | 5,000 |
| Total Expenditures | <u>1,027,228</u> | <u>1,452,228</u> | <u>1,377,499</u> | <u>74,729</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(272,678)</u> | <u>(697,678)</u> | <u>(583,405)</u> | <u>114,273</u> |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | 300,000 | 300,000 | 425,000 | 125,000 |
| Total Other Financing Sources (Uses) | <u>300,000</u> | <u>300,000</u> | <u>425,000</u> | <u>125,000</u> |
| Net Change in Fund Balance | 27,322 | (397,678) | (158,405) | 239,273 |
| Fund Balance Beginning of Year | 3,908,994 | 3,908,994 | 3,908,994 | |
| Prior Year Encumbrances Appropriated | <u>22,228</u> | <u>22,228</u> | <u>22,228</u> | |
| Fund Balance End of Year | <u><u>\$3,958,544</u></u> | <u><u>\$3,533,544</u></u> | <u><u>\$3,772,817</u></u> | <u><u>\$239,273</u></u> |

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

| | Business Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|--------------------|--------------------|---------------------------------------|
| | Auglaize Acres | Sewers | Total | Internal Service Funds |
| Assets: | | | | |
| Current Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,718,709 | \$814,117 | \$2,532,826 | \$38,211 |
| Receivables: | | | | |
| Accounts | 459,110 | 106,491 | 565,601 | 3,300 |
| Due From Other Funds | | | | 11,899 |
| Materials and Supplies Inventory | 28,822 | | 28,822 | |
| Prepaid Items | 4,182 | | 4,182 | |
| Total Current Assets | 2,210,823 | 920,608 | 3,131,431 | 53,410 |
| Non-current Assets: | | | | |
| Net Pension Asset | 8,110 | | 8,110 | |
| Non Depreciable Assets | 19,473 | 108,508 | 127,981 | |
| Depreciable Capital Assets, Net | 406,116 | 3,529,838 | 3,935,954 | |
| Total Non-current Assets | 433,699 | 3,638,346 | 4,072,045 | |
| Total Assets | 2,644,522 | 4,558,954 | 7,203,476 | 53,410 |
| Deferred Outflows of Resources: | | | | |
| Pension | 396,185 | | 396,185 | |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 206,228 | 21,614 | 227,842 | 12,696 |
| Contracts Payable | | | | |
| Accrued Wages | 110,431 | | 110,431 | 3,176 |
| Intergovernmental Payable | 73,279 | | 73,279 | 1,403 |
| Due to Other Funds | 541 | 72,014 | 72,555 | |
| Due to Clients | 3,044 | 982 | 4,026 | |
| Compensated Absences Payable | 82,077 | | 82,077 | 1,439 |
| Total Current Liabilities | 475,600 | 94,610 | 570,210 | 18,714 |
| Long-Term Liabilities: | | | | |
| Net Pension Liability | 2,215,841 | | 2,215,841 | |
| Compensated Absences Payable | 51,635 | | 51,635 | 703 |
| Total Long-Term Liabilities | 2,267,476 | | 2,267,476 | 703 |
| Total Liabilities | 2,743,076 | 94,610 | 2,837,686 | 19,417 |
| Deferred Inflows of Resources | | | | |
| Pension | 41,403 | | 41,403 | |
| Net Position | | | | |
| Net Investment in Capital Assets | 425,589 | 3,638,346 | 4,063,935 | |
| Unrestricted | (169,361) | 825,998 | 656,637 | 33,993 |
| Total Net Position | \$256,228 | \$4,464,344 | \$4,720,572 | \$33,993 |

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | Business Type Activities Enterprise Funds | | | Governmental Activities |
|---|--|--------------------|--------------------|---------------------------------------|
| | Auglaize Acres | Sewers | Total | Internal Service Funds |
| Operating Revenues: | | | | |
| Charges for Services | \$4,804,440 | \$405,155 | \$5,209,595 | \$4,859,278 |
| Intergovernmental | | 2,358 | 2,358 | |
| Rental Income | 12,835 | | 12,835 | |
| Total Operating Revenues | <u>4,817,275</u> | <u>407,513</u> | <u>5,224,788</u> | <u>4,859,278</u> |
| Operating Expenses: | | | | |
| Personal Services | 3,400,243 | | 3,400,243 | 114,370 |
| Contractual Services | 969,131 | 313,484 | 1,282,615 | 4,641,890 |
| Materials and Supplies | 457,759 | 4,756 | 462,515 | 188,745 |
| Other | 45,330 | 2,358 | 47,688 | 90 |
| Depreciation | 79,070 | 136,509 | 215,579 | |
| Capital Outlay | 25,268 | | 25,268 | |
| Total Operating Expenses | <u>4,976,801</u> | <u>457,107</u> | <u>5,433,908</u> | <u>4,945,095</u> |
| Operating Income (Loss) | <u>(159,526)</u> | <u>(49,594)</u> | <u>(209,120)</u> | <u>(85,817)</u> |
| Non-Operating Revenues (Expenses): | | | | |
| Capital Contribution | 15,273 | | 15,273 | |
| Transfer Out | | | | (7,265) |
| Other Non Operating | 58,824 | 1,300 | 60,124 | |
| Total Non-Operating Revenues (Expenses) | <u>74,097</u> | <u>1,300</u> | <u>75,397</u> | <u>(7,265)</u> |
| Change in Net Position | (85,429) | (48,294) | (133,723) | (93,082) |
| Net Position Beginning of Year Restated See Note 3 | <u>341,657</u> | <u>4,512,638</u> | <u>4,854,295</u> | <u>127,075</u> |
| Net Position End of Year | <u>\$256,228</u> | <u>\$4,464,344</u> | <u>\$4,720,572</u> | <u>\$33,993</u> |

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

| | Business Type Activities Enterprise Funds | | | Governmental Activities |
|---|--|------------|-------------|-----------------------------|
| | Auglaize Acres | Sewers | Total | Internal Service Fund |
| Increase (Decrease) in Cash and Cash Equivalents | | | | |
| Cash Flows from Operating Activities: | | | | |
| Cash Received from Customers | \$ 4,817,275 | \$405,155 | \$5,222,430 | \$99,390 |
| Cash Received from Interfund Services Provided | | | | 4,759,888 |
| Cash Payments to Employees for Services | (3,397,715) | | (3,397,715) | (114,647) |
| Cash Payments for Goods and Services | (1,362,975) | (248,389) | (1,611,364) | (4,834,463) |
| Net Cash Provided by (Used in) Operating Activities | 56,585 | 156,766 | 213,351 | (89,832) |
| Cash Flows from Non-capital Financing Activities: | | | | |
| Non-Operating Revenue | 58,824 | 1,300 | 60,124 | |
| Transfer Out | | | | (7,265) |
| Net Cash Provided by (Used in) Non-capital Financing Activities | 58,824 | 1,300 | 60,124 | (7,265) |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Capital Asset Purchases | (94,891) | | (94,891) | |
| Capital Grant Proceeds | 15,273 | 2,358 | 17,631 | |
| Capital Grant Expenditures | | (2,358) | (2,358) | |
| Construction in Progress | (15,273) | | (15,273) | |
| Sale of Fixed Assets | | | | |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (94,891) | | (94,891) | |
| Net Increase (Decrease) in Cash and Cash Equivalents | 20,518 | 158,066 | 178,584 | (97,097) |
| Cash and Cash Equivalents Beginning of Year | 1,698,191 | 656,051 | 2,354,242 | 135,308 |
| Cash and Cash Equivalents End of Year | \$1,718,709 | \$814,117 | \$2,532,826 | \$38,211 |
| Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Operating (Loss) | (\$159,526) | (\$49,594) | (\$209,120) | (\$85,817) |
| Adjustments: | | | | |
| Depreciation | 79,070 | 136,509 | 215,579 | |
| (Increase) Decrease in Assets: | | | | |
| Accounts Receivable | 156,837 | (5,548) | 151,289 | (3,300) |
| Net Pension Asset | (5,900) | | (5,900) | |
| Deferred Outflow - Pension | (122,376) | | (122,376) | |
| Prepaid Items | (2,050) | | (2,050) | |
| Materials and Supplies Inventory | 4,771 | | 4,771 | |
| Due from Other Funds | | | | 10,049 |
| Increase (Decrease) in Liabilities: | | | | |
| Accounts Payable | 37,362 | 5,118 | 42,480 | (10,488) |
| Contracts Payable | (8,515) | | (8,515) | |
| Accrued Wages | 16,890 | | 16,890 | 448 |
| Compensated Absences Payable | (14,881) | | (14,881) | (269) |
| Intergovernmental Payable | (11,496) | | (11,496) | (455) |
| Net Pension Liability | 50,048 | | 50,048 | |
| Deferred Inflow - Pension | 41,403 | | 41,403 | |
| Due to Clients | (2,551) | (1,733) | (4,284) | |
| Due to Other Funds | (2,501) | 72,014 | 69,513 | |
| Net Cash Provided by (Used in) Operating Activities | \$56,585 | \$156,766 | \$213,351 | (\$89,832) |

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

| | <u>Private Purpose Trust</u> | <u>Agency</u> |
|--|--------------------------------------|---------------------|
| Assets: | | |
| Equity in Pooled Cash and Cash Equivalents | \$5,999 | \$2,361,939 |
| Cash and Cash Equivalents in Segregated Accounts | | 988,951 |
| Receivables: | | |
| Property Taxes | | 54,537,280 |
| Special Assessments | | 1,083,454 |
| Due from other governments | 1,009 | 2,474,725 |
| Total Assets | <u>7,008</u> | <u>61,446,349</u> |
| Liabilities: | | |
| Due to Other Governments | | 60,457,398 |
| Undistributed Assets | | 988,951 |
| Total Liabilities | | <u>\$61,446,349</u> |
| Net Position: | | |
| Restricted | <u>7,008</u> | |
| Total Net Position | <u>\$7,008</u> | |

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>Private Purpose Trust</u> |
|--------------------------------|--------------------------------------|
| Additions: | |
| Other | \$10 |
| Total Additions | <u>10</u> |
| Deductions: | |
| Human Service | 10 |
| Total Deductions | <u>10</u> |
| Change in Net Position | |
| 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.

AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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.

AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (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.

- 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 Investment Act Consortium of Auglaize, Hardin, and Mercer Counties
- West Central Ohio Network

AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

1. DESCRIPTION OF THE ENTITY (Continued)

- 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 St. Marys Lake Facilities Authority
- Ellerman Group Ditch Improvement Project
- Grand Lake Task Force
- Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties

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 government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have 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.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 deferred outflows and liabilities and deferred inflows 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 (MVGT) Fund – 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) Fund – The Solid Waste Management Fund accounts for a county wide special assessment to pay for ground water monitoring and the repayment to county general fund 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) Fund – 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.

Community Alternatives Fund – 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.

AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Sewers 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.

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 deferred outflows and all liabilities and deferred inflows 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 deferred outflow and current liabilities and deferred inflow 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 deferred outflows and all liabilities and deferred inflows 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.

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 and outflows 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13)

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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.

4. Pensions

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

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 that 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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".

During 2015, investments were limited to money market funds and 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, and the Auglaize County Developmental Disabilities Special Revenue Fund. Total investment revenue earned during 2015 was \$219,847. The General Fund was credited \$207,960 and of this amount \$165,053 was assigned from other funds. Adjusting entries resulted in the General fund reporting \$202,861 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, 2015, 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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".

J. 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 |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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:

| <u>Description</u> | <u>Estimated Life</u> |
|--------------------------|-----------------------|
| 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:

| <u>Description</u> | <u>Estimated Life</u> |
|-------------------------|-----------------------|
| Furniture and Fixtures | 20 years |
| Machinery and Equipment | 7-15 years |
| Licensed Vehicles | 6 years |

L. 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.

M. 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.

AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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, 2015, the amount of net position restricted by enabling legislation was \$3,879,295.

O. 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".

P. 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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.

Q. 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.

R. 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 other 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. 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. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2015, the County implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. In addition, the December 31, 2014 net position of the Governmental Activities was restated due to allocation of the Internal Service Fund as required by GASB Statement No. 34 and a correction related to a prior period for historical bridge (infrastructure) costs. These changes had the following effect on net position:

| | Governmental Activities | Auglaize Acres Enterprise Fund | Business Type Activity |
|--|------------------------------------|---|-----------------------------------|
| Net Position December 31, 2014 | \$68,539,461 | \$2,230,176 | \$6,742,814 |
| Adjustments: | | | |
| GASB 68 | | | |
| Net Pension Asset | 11,940 | 2,210 | 2,210 |
| Deferred Outflows-Payments Subsequent to Measurement Date | 1,698,054 | 275,064 | 275,064 |
| Net Pension Liability | (11,699,719) | (2,165,793) | (2,165,793) |
| Net Effect of GASB 68 | (9,989,725) | (1,888,519) | (1,888,519) |
| Net Infrastructure Increase | 902,399 | | |
| Internal Service Adjustment | (12,883) | | |
| Restated Net Position December 31, 2014 | \$59,439,252 | \$341,657 | \$4,854,295 |

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows of resources as the information needed to generate these restatements was not available.

4. ACCOUNTABILITY AND COMPLIANCE

The following funds had deficit fund balances as of December 31, 2015:

| Special Revenue Funds: | Deficit Fund Balance |
|-------------------------------|---------------------------------|
| Solid Waste Management | \$1,072,001 |
| Dog and Kennel | 65,428 |
| Dare Grant | 201 |
| PSI Writer Grant | 7,066 |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

The deficits in the Special Revenue 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.

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:

| | Net Change in Fund Balance General and Major Special Revenue Funds | | | | |
|-------------------------|---|---|--------------------------------|---|-----------------------------------|
| | General | Motor Vehicle Gasoline Tax | Solid Waste Mgt | Auglaize County Development Disabilities | Community Alternatives |
| Budget Basis | (\$243,398) | (\$272,157) | (\$265,725) | \$125,663 | (\$158,405) |
| Net Adjustments: | | | | | |
| Revenue accruals | 134,790 | (31,145) | (7,826) | 1,222,295 | 4,889 |
| Expense accruals | 218,018 | 85,759 | 198,154 | (1,000,693) | 12,661 |
| Other financing sources | 100,082 | | | | |
| Encumbrances | 318,665 | 40,730 | 17,035 | 47,411 | 24,200 |
| GAAP Basis | <u>\$528,157</u> | <u>(\$176,813)</u> | <u>(\$58,362)</u> | <u>\$394,676</u> | <u>(\$116,655)</u> |

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:

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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;
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, 2015, cash on hand amounted to \$167,014.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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 \$8,349,776. Of the County's bank balance of \$8,983,831, \$6,788,934 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.

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, 2015, the County had the following investments with the listed maturity periods:

| Federal Home Loan Mortgage Corporation: | Total | Less Than Six Months | Six Months to One Year | One to Five Years |
|--|---------------------|---------------------------------|-----------------------------------|------------------------------|
| Bonds | \$744,540 | | | \$744,540 |
| Medium Term Notes | 1,500,553 | | | 1,500,553 |
| Notes | 1,450,587 | | | 1,450,587 |
| Federal Home Loan Bank: | | | | |
| Bonds | 4,234,110 | \$500,370 | \$998,040 | 2,735,700 |
| Notes | 2,987,550 | | 748,680 | 2,238,870 |
| Federal National Mortgage Association Notes | 3,983,275 | | | 3,983,275 |
| Fannie Mae Bonds | 750,060 | 750,060 | | |
| Federal Farm Credit Bank: | | | | |
| Bonds | 2,035,455 | | | 2,035,455 |
| Notes | 997,910 | | 997,910 | |
| Freddie Mac Bonds | 250,075 | | | 250,075 |
| Money Market Funds | 814,032 | 814,032 | | |
| | <u>\$19,748,147</u> | <u>\$2,064,462</u> | <u>\$2,744,630</u> | <u>\$14,939,055</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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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:

| | <u>Market Value</u> | <u>Percentage Of Portfolio</u> |
|--|-------------------------|------------------------------------|
| Federal Home Loan Mortgage Corporation: | | |
| Bonds | \$744,540 | 3.77% |
| Medium Term Notes | 1,500,553 | 7.60% |
| Notes | 1,450,587 | 7.35% |
| Federal Home Loan Bank: | | |
| Bonds | 4,234,110 | 21.44% |
| Notes | 2,987,550 | 15.12% |
| Federal National Mortgage Association Notes | 3,983,275 | 20.17% |
| Fannie Mae Bonds | 750,060 | 3.80% |
| Federal Farm Credit Bank: | | |
| Bonds | 2,035,455 | 10.31% |
| Notes | 997,910 | 5.05% |
| Freddie Mac Bonds | 250,075 | 1.27% |
| Money Market Funds | 814,032 | 4.12% |
| | <u>\$19,748,147</u> | <u>100.00%</u> |

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 \$117,917 and the bank balance was \$117,666. \$117,666 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 \$110,585 and the bank balance was \$115,322. Of this amount, \$115,322 was covered by federal depository insurance. The balance of cash on hand at year end was \$222. 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 \$58,227 the Mutual Funds have a fair value of \$531,391. Preferred stock had a value of \$77,420 and corporate bonds had a value of \$127,356. 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 2015 represents the collection of 2014 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2015 became a lien on December 31, 2014, were levied after October 1, 2014, 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, 2015. 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 2015 operations.

The full tax rate for all County operations for the year ended December 31, 2015, was \$9.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

| | |
|------------------------------------|-------------------------------|
| Real Property: | |
| Agricultural/Residential | \$887,866,140 |
| Commercial/Industrial/Mineral | 147,988,460 |
| Public Utility Real | 313,230 |
| Tangible Personal Property: | |
| Public Utility | 24,522,530 |
| Total Assessed Value | <u><u>\$1,060,690,360</u></u> |

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

8. PERMISSIVE SALES AND USE TAX (Continued)

Proceeds of the permissive sales tax are to be credited to the General Fund and in 2015, \$58,000 was credited to the Permanent Improvement Fund per month. The sales tax revenue for 2015 amounted to \$8,194,987 in the General Fund due to GAAP journal entries, and \$696,000 was credited to the Permanent Improvement Fund. The use tax amounted to \$552,969 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 2015. 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, 2015, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows:

| Interfund Payable | General | MVGT | Other Govtl | Internal Service | Total |
|---------------------------|--------------------|----------------|--------------------|-------------------------|--------------------|
| General | | \$950 | | \$5,345 | \$6,295 |
| MVGT | \$64 | | | 3,263 | 3,327 |
| SWM | 1,429,971 | 2,141 | | 69 | 1,432,181 |
| Departmental Disabilities | 75 | | | | 75 |
| Other Governmental | 41,453 | 55 | \$365,070 | 3,015 | 409,593 |
| Sewers | 72,014 | | | | 72,014 |
| Auglaize Acres | 317 | 17 | | 207 | 541 |
| Interfund Receivable | <u>\$1,543,894</u> | <u>\$3,163</u> | <u>\$365,070</u> | <u>\$11,899</u> | <u>\$1,924,026</u> |

| Operating Transfers | Transfer In | Transfer Out |
|--------------------------------|--------------------|---------------------|
| General | \$107,264 | \$176,375 |
| MVGT | | 25,875 |
| Developmental Disabilities | | 425,000 |
| Community Alternatives | 425,000 | |
| Other Governmental Funds: | | |
| MVGT Capital Improvements | 17,075 | |
| Jobs and Family Services | 76,375 | 76,375 |
| Children Services | 76,375 | |
| CDBG Allocation Grant | | 15,273 |
| Ditch Construction | | 42,387 |
| Ditch Debt | 8,800 | 1,945 |
| Ditch Maintenance | 45,157 | 824 |
| Total Other Governmental Funds | <u>223,782</u> | <u>136,804</u> |
| Auglaize Acres | 15,273 | |
| Internal Service | | 7,265 |
| | <u>\$771,319</u> | <u>\$771,319</u> |

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.

The Transfer In for Auglaize Acres in the amount of \$15,273 is reported on the financial statements as a capital contribution.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. RECEIVABLES

Receivables at December 31, 2015 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:

| General Fund: | Amount |
|---|---------------------------|
| Public Defender Reimbursement | \$80,549 |
| VOCA Reimbursement | 3,984 |
| Ohio Housing Trust Fund Admin Fee | 397 |
| Acting Judge Reimbursement | 1,896 |
| Casino Revenue | 281,220 |
| Local Government | 228,190 |
| Homestead and Rollback | 211,786 |
| Total General Fund | <u>808,022</u> |
| MVGT Fund: | |
| Motor Vehicle License Tax | 830,546 |
| Permissive Motor Vehicle License Tax | 291,082 |
| Gasoline Tax | 1,127,537 |
| Total MVGT Fund | <u>2,249,165</u> |
| SWM FUND: | |
| Generation Fees | 759 |
| ACDD Fund: | |
| Homestead and Rollback | 342,689 |
| Community Alternatives: | |
| Title XIX | <u>107,383</u> |
| Other Funds: | |
| Community Development Block Grant | 22,200 |
| IDAT | 6 |
| Community Housing Impact and Preservation Program | 42,211 |
| Children's Services | 5,877 |
| HOME Grant | 21,148 |
| FAA Grant | 38,250 |
| GLTF Federal Grant | 1,889 |
| DARE Grant | 10,388 |
| Jobs and Family Services Grant | 235,747 |
| LPA Safety Study Grant | 36,450 |
| Impaired Driving Enforcement Program | 8,436 |
| Selective Traffic Enforcement Program | 3,229 |
| Law Enforcement Grant | 20,000 |
| PSI Writer Grant | 14,131 |
| Smart Ohio Pilot Grant | 260,000 |
| Child Support Enforcement Agency Grant | 100,695 |
| Total Other Funds | <u>820,657</u> |
| Total Due From Other Governments | <u><u>\$4,328,675</u></u> |

A summary of the principal items of accounts receivables follows:

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. RECEIVABLES (Continued)

| | <u>Amount</u> |
|--|------------------|
| General Fund: | |
| Fees | \$2,388 |
| Claims | 50 |
| Reimbursement | 64 |
| Total General Fund | <u>2,502</u> |
| MVGT Fund: | |
| Engineer Fees | 14,811 |
| Refunds | 810 |
| Total MVGT Fund | <u>15,621</u> |
| SWM Fund: | |
| Generation Fee | <u>19,124</u> |
| Community Alternatives: | |
| Day Hab Fees | <u>113,997</u> |
| Other Funds: | |
| Fees | 2,980 |
| CAUV Fees | 400 |
| Phone Commissary Fees | 647 |
| Handgun License Employment Fees | 372 |
| Children Services Fees | 5,278 |
| Total Other Funds | <u>9,677</u> |
| Total Governmental Funds Accounts Receivable | <u>160,921</u> |
| Auglaize Acres: | |
| Auglaize Acres – Room and Board | 457,525 |
| Auglaize Acres – Other | 1,585 |
| Total Auglaize Acres Accounts Receivable | <u>459,110</u> |
| Sewer Funds: | |
| South Grand Lake Sewer Charges | 40,495 |
| Villa Nova Sewer Charges | 5,832 |
| Sharlon Sewer Charges | 1,788 |
| Beverly Hills Sewer Charges | 6,505 |
| Sherwood Forest Sewer Charges | 4,040 |
| Pleasantview Sewer Charges | 5,557 |
| KZ Sewer Charges | 2,668 |
| Arrowhead Estates Sewer Charges | 3,053 |
| Uniopolis Sewer Charges | 11,756 |
| Forest Lane Sewer Charges | 3,945 |
| Sandy Beach Sewer Charges | 20,852 |
| Total Sewer Funds | <u>106,491</u> |
| Total Enterprise Funds | <u>565,601</u> |
| Internal Service: | |
| Fuel Charges | 3,300 |
| Total Accounts Receivable | <u>\$729,822</u> |

A summary of the principal items of notes receivables follows:

| | |
|----------------------------|------------------|
| Other Funds: | |
| Thermal Maintenance | \$108,107 |
| Industrial Paint and Strip | 100,409 |
| Western Ohio Hardware | 95,432 |
| Mile Creek Animal Clinic | 30,272 |
| Total Notes Receivable | <u>\$334,220</u> |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

11. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

| Governmental Activities | Balance January 1 | Additions | Reductions | Beginning Restatement | Balance December 31 |
|---|------------------------------|--------------------|--------------------|----------------------------------|--------------------------------|
| Non Depreciable Assets: | | | | | |
| Land | \$1,988,029 | | | | \$1,988,029 |
| Construction in Progress | 487,366 | \$270,989 | (\$198,094) | | 560,261 |
| Total Non-Depreciable | <u>2,475,395</u> | <u>270,989</u> | <u>(198,094)</u> | | <u>2,548,290</u> |
| Depreciable Assets: | | | | | |
| Land Improvements | 4,663,268 | 26,841 | | | 4,690,109 |
| Buildings & Improvements | 26,084,084 | 73,646 | (18,170) | | 26,139,560 |
| Infrastructure | 42,919,097 | 1,177,236 | (393,749) | \$1,773,377 | 45,475,961 |
| Equipment, Furniture, Fixtures | 12,329,037 | 1,705,449 | (529,119) | | 13,505,367 |
| Total Depreciable | <u>85,995,486</u> | <u>2,983,172</u> | <u>(941,038)</u> | <u>1,773,377</u> | <u>89,810,997</u> |
| Accumulated Depreciation: | | | | | |
| Land Improvements | 3,730,032 | 378,128 | | | 4,108,160 |
| Buildings & Improvements | 10,940,235 | 906,215 | (9,389) | | 11,837,061 |
| Infrastructure | 21,665,547 | 1,880,311 | (361,613) | 870,978 | 24,055,223 |
| Equipment, Furniture, Fixtures | 8,660,330 | 941,470 | (480,158) | | 9,121,642 |
| Total Accumulated Depreciation | <u>44,996,144</u> | <u>4,106,124</u> | <u>(851,160)</u> | <u>870,978</u> | <u>49,122,086</u> |
| Net Depreciable Assets | <u>40,999,342</u> | <u>(1,122,952)</u> | <u>(89,878)</u> | <u>902,399</u> | <u>40,688,911</u> |
| Total Governmental Activities Capital Assets (Net) | <u>\$43,474,737</u> | <u>(\$851,963)</u> | <u>(\$287,972)</u> | <u>\$902,399</u> | <u>\$43,237,201</u> |

| Business-Type Activities | Balance January 1 | Additions | Transfers | Reductions | Balance December 31 |
|--|------------------------------|-------------------|------------------|-------------------|--------------------------------|
| Non Depreciable Assets: | | | | | |
| Land | \$112,708 | | | | \$112,708 |
| Construction in Progress | 65,779 | \$15,273 | | (\$65,779) | 15,273 |
| Total Non-Depreciable Assets | <u>178,487</u> | <u>15,273</u> | | <u>(65,779)</u> | <u>127,981</u> |
| Depreciable Assets: | | | | | |
| Buildings & Improvements | 1,351,678 | 18,050 | | | 1,369,728 |
| Sewer – Infrastructure | 6,659,633 | | | | 6,659,633 |
| Equip, Furn & Fixtures | 474,355 | 142,620 | | | 616,975 |
| Total Depreciable | <u>8,485,666</u> | <u>160,670</u> | | | <u>8,646,336</u> |
| Accumulated Depreciation: | | | | | |
| Buildings & Improvements | 1,051,516 | 48,090 | | | 1,099,606 |
| Sewer – Infrastructure | 3,076,994 | 134,139 | | | 3,211,133 |
| Equip, Furn & Fixtures | 366,293 | 33,350 | | | 399,643 |
| Total Accum Depr | <u>4,494,803</u> | <u>215,579</u> | | | <u>4,710,382</u> |
| Net Depreciable Assets Business Type Activities Capital Assets (Net) | <u>3,990,863</u> | <u>(54,909)</u> | | <u>\$0</u> | <u>3,935,954</u> |
| | <u>\$4,169,350</u> | <u>(\$39,636)</u> | | <u>(\$65,779)</u> | <u>\$4,063,935</u> |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

11. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental programs as follows:

| | |
|--|-------------|
| General Government – Legislative and Executive | \$1,507,254 |
| General Government – Judicial | 5,836 |
| Public Safety | 123,373 |
| Public Works | 2,307,295 |
| Health | 108,474 |
| Human Services | 53,892 |
| Total Depreciation Expense | \$4,106,124 |

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 \$85,700,000

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 | 100,000 |
| Mobile Equipment | 2,594,000 |
| Fine Arts | 50,000 |
| Automatic Builders' Risk | 1,000,000 |
| Automatic Newly-Acquired Property | 1,000,000 |

Crime:

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

Boiler and Machinery

100,000,000

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 |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

12. RISK MANAGEMENT (Continued)

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 | \$85,700,000 |
| 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.

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 12/1/14 through 11/30/15 up to \$1,550,000 maximum. As of November 30, 2014 PERC has cash reserves of \$6,400,744 which, in the opinion of an outside actuary and management, is adequate for any claims currently pending against the pool.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

12. RISK MANAGEMENT (Continued)

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 2015, the County participated in the County Commissioner 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.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

12. RISK MANAGEMENT (Continued)

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 Northwest Group Services.

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 Northwest Group Services Administrators.
2. The County's Basic Health Care Program has an agreement with Medtrak Rx 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 net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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

A. Plan Description – Ohio Public Employees Retirement Systems (OPERS)

Plan Description – County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional plan.

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

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

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

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

| | | |
|--|--|--|
| <p>Law Enforcement Age and Service Requirements: Age 52 with 15 years of service credit</p> <p>Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25</p> | <p>Law Enforcement Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p> <p>Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25</p> | <p>Law Enforcement Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit</p> <p>Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25</p> |
|--|--|--|

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

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

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

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

| | <u>State and Local</u> | <u>Law Enforcement</u> |
|--|----------------------------|----------------------------|
| 2015 Statutory Maximum Contribution Rates | | |
| Employer | 14.0% | 18.1% |
| Employee | 10.0% | * |
| 2015 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 12.0% | 16.1% |
| Post-employment Health Care Benefits | 2.0% | 2.0% |
| | <u>14.0%</u> | <u>18.1%</u> |
| Employee | <u>10.0%</u> | <u>13.0%</u> |

* Rate is determined by OPERS Board and is limited by ORC to not more than 2 percent greater than the public safety rate, which is set by OPERS board, but has no maximum rate established by ORC.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$2,035,961 for 2015. Of this amount, \$408,428 is reported as intergovernmental payable.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | <u>Traditional Plan</u> | <u>Combined Plan</u> |
|--|-------------------------|----------------------|
| Proportionate Share of the Net Pension Asset | | \$51,921 |
| Proportion of the Net Pension Asset | | .134850% |
| Proportionate Share of the Net Pension Liability | \$14,185,924 | |
| Proportion of the Net Pension Liability | .117617% | |
| Pension Expense | 1,548,827 | 34,502 |

At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------|
| Deferred Outflows of Resources | | | |
| Net Difference between projected and actual earnings on pension plan investments | \$641,361 | \$118,726 | \$760,087 |
| County contributions subsequent to the measurement date | 1,758,502 | 277,459 | 2,035,961 |
| Total Deferred Outflows of Resources | <u>\$2,399,863</u> | <u>\$396,185</u> | <u>\$2,796,048</u> |
| Deferred Inflows of Resources | | | |
| Differences between expected and Actual experience | <u>\$223,659</u> | <u>\$41,403</u> | <u>\$265,062</u> |

\$2,035,961 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year Ending December 31:</u> | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|---------------------------------|------------------------------------|--|------------------|
| 2016 | \$104,426 | \$19,331 | \$123,757 |
| 2017 | 104,426 | 19,331 | 123,757 |
| 2018 | 104,426 | 19,331 | 123,757 |
| 2019 | 104,424 | 19,330 | 123,754 |
| Total | <u>\$417,702</u> | <u>\$77,323</u> | <u>\$495,025</u> |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Wage Inflation | 3.75 percent |
| Future Salary Increases, including inflation | 4.25 to 10.05 percent including wage inflation |
| COLA or Ad Hoc COLA | 3 percent, simple |
| Investment Rate of Return | 8 percent |
| Actuarial Cost Method | Individual Entry Age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|----------------------|--------------------------|---|
| Fixed Income | 23.00 % | 2.31 % |
| Domestic Equities | 19.90 | 5.84 |
| Real Estate | 10.00 | 4.25 |
| Private Equity | 10.00 | 9.25 |
| International Equity | 19.10 | 7.40 |
| Other investments | 18.00 | 4.59 |
| Total | 100.00 % | 5.28 % |

D. Discount Rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E. Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

| | <u>1% Decrease (7.00%)</u> | <u>Current Discount Rate (8.00%)</u> | <u>1% Increase (9.00%)</u> |
|---|--------------------------------|--|--------------------------------|
| County's proportionate share of the Net pension liability – traditional | \$26,098,036 | \$14,185,924 | \$4,153,056 |
| Net pension asset/liability- combined | \$6,743 | (\$51,921) | (\$98,441) |

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 two cost-sharing multiple employer defined benefit post-employment health care trusts, which fund multiple health care plans, including medical coverage, prescription drug coverage deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, 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 OPERS sponsored health care coverage.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

14. POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> CAFR, by 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 health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015 local government employer units contributed at 14.0% of earnable payroll, and law enforcement employer units contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board 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. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

Actual employer contributions for 2015 were \$271,691 for regular employees and \$28,511 for law enforcement employees. For 2014 and 2013, the actual employer contributions were \$266,441 and \$131,111 respectively, for regular employees and \$26,974 and \$12,786 respectively, for law enforcement employees; 88 percent has been contributed for 2015 and 100 percent for 2014 and 2013.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015 is as follows:

| Year | Special Revenue Fund |
|-------|-------------------------|
| 2016 | \$10 |
| 2017 | 10 |
| 2018 | 10 |
| 2019 | 10 |
| 2020 | 10 |
| 2021 | 10 |
| Total | <u>\$60</u> |

17. DEBT OBLIGATIONS

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

| Governmental Activities | Restated Balance 12/31/14 | Additions | Reductions | Balance 12/31/15 | Due Within One Year |
|----------------------------------|--|------------------|-------------------|-----------------------------|------------------------------------|
| General Obligation Bonds: | | | | | |
| 2005 – 2.4% - 4.1% | | | | | |
| Original Amount \$475,000 | | | | | |
| Human Services Building | \$125,000 | | (\$40,000) | \$85,000 | \$40,000 |
| Ohio Public Works Loan | | | | | |
| Sandy Beach Storm Sewer | 46,030 | | (5,114) | 40,916 | 5,114 |
| Noble Township Bridge | 171,600 | | (8,800) | 162,800 | 8,800 |
| Total Ohio Public Works Loans | 217,630 | | (13,914) | 203,716 | 13,914 |
| Special Assessment Notes: | | | | | |
| Campbell Ditch-4.59% | 1,995 | 1,496 | (997) | 499 | 499 |
| Kaeck #2 Ditch-2.86% | 19,193 | 16,794 | (4,798) | 11,996 | 4,798 |
| Mackenbach Ditch-3.57% | 13,555 | 12,707 | (1,696) | 11,011 | 1,696 |
| Adams Ditch-3.10% | 71,615 | | | 71,615 | 8,952 |
| Kah Sewer- 0% | 179,341 | 40,352 | (8,967) | 31,385 | 8,967 |
| Headapohl Ditch-2.49% | 33,577 | 27,276 | (4,201) | 23,075 | 4,201 |
| Highlawn Ditch-3.13% | 10,554 | 8,573 | (1,321) | 7,252 | 1,321 |
| Gibson Ditch-3.24% | 37,188 | 37,188 | (4,649) | 32,539 | 4,649 |
| Kruse Ditch-3.39% | 20,093 | | 20,093 | (1,256) | 18,837 |
| Vertner Ditch-2.87% | 122,631 | 41,818 | (15,343) | 26,475 | 15,343 |
| Crow #2 Ditch-5.25% | 4,428 | 2,214 | (886) | 1,328 | 886 |
| Ramga #2 Ditch-4.87% | 62,606 | 7,825 | (7,825) | | |
| Jacob Ditch – 3.35% | 44,653 | 27,908 | (5,582) | 22,326 | 5,582 |
| Harruff Ditch-3.55% | 21,949 | 15,089 | (2,744) | 12,345 | 2,744 |
| Kellermeyer #2 – 4.60% | 31,687 | 11,883 | (3,961) | 7,922 | 3,961 |
| Shaw Ditch-5.1% | 34,116 | 2,133 | (2,133) | | |

(Continued)

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

17. DEBT OBLIGATIONS (Continued)

| Governmental Activities | | Restated Balance 12/31/14 | Additions | Reductions | Balance 12/31/15 | Due Within One Year |
|------------------------------------|---------|--|--------------------|----------------------|-----------------------------|------------------------------------|
| Barnt Ditch-5.1% | 7,860 | 492 | | (492) | | |
| Kettler Ditch-3.85% | 132,172 | 57,826 | | (16,522) | 41,304 | 16,522 |
| Bennett Ditch – 3.39% | 100,113 | 56,267 | | (12,527) | 43,740 | 12,527 |
| Newland Ditch-3.39% | 41,562 | 26,700 | | (5,945) | 20,755 | 5,945 |
| Spencer #2 Ditch-4.05% | 24,428 | 12,214 | | (3,054) | 9,160 | 3,054 |
| Barrington Ditch-4.6% | 2,088 | 779 | | (260) | 519 | 260 |
| Evans #2 Ditch-3.15% | 27,039 | 21,969 | | (3,380) | 18,589 | 3,380 |
| Koch Ditch-3.15% | 16,571 | 12,161 | | (2,071) | 10,090 | 2,071 |
| Arnold Ditch-5.5% | 16,687 | 2,086 | | (2,086) | | |
| Lowry Ditch-3.39% | 17,884 | 12,296 | | (2,235) | 10,061 | 2,235 |
| Clause #2 Ditch-3.12% | 168,876 | 151,744 | | (21,130) | 130,614 | 21,130 |
| Henschen Ditch-4.67% | 52,540 | 3,284 | | (3,284) | | |
| Nielson Ditch-4.67% | 18,609 | 1,163 | | (1,163) | | |
| IOOF Ditch-4.2% | 24,981 | 3,122 | | (3,122) | | |
| Ellerman Jt Ditch-3.24% | 45,815 | | 45,815 | | 45,815 | 5,727 |
| Muddy Creek Jt – 3.85% | 69,323 | 34,662 | | (8,665) | 25,997 | 8,665 |
| Huebner Ditch-3.12% | 131,257 | 105,045 | | (16,423) | 88,622 | 16,423 |
| Bryant Ditch– 3.95% | 34,838 | 17,419 | | (4,355) | 13,064 | 4,355 |
| Annesser Ditch – 4.15% | 78,281 | 14,678 | | (9,785) | 4,893 | 4,893 |
| Fritz Ditch – 4.45% | 9,379 | 4,104 | | (1,172) | 2,932 | 1,172 |
| Huenke #2 Ditch– 4.35% | 21,531 | 4,037 | | (2,691) | 1,346 | 1,346 |
| Wheeler Ditch-3.39% | 21,483 | 20,140 | | (2,685) | 17,455 | 2,685 |
| Gutman #3 Ditch-3.31% | 9,324 | 8,159 | | (1,165) | 6,994 | 1,165 |
| Dearbaugh Ditch-3.39% | 21,498 | 21,498 | | (2,687) | 18,811 | 2,687 |
| Klosterman Ditch-3.06% | 45,527 | 39,836 | | (5,691) | 34,145 | 5,691 |
| Freeman Ditch – 3.95% | 32,149 | 14,065 | | (4,019) | 10,046 | 4,019 |
| Rapp #3-3.49% | 17,727 | 17,727 | | (2,216) | 15,511 | 2,216 |
| Barnes #2 – 4.59% | 7,589 | 4,739 | | (950) | 3,789 | 950 |
| Stoner Ditch – 4.50% | 8,138 | 2,035 | | (1,017) | 1,018 | 507 |
| Simms Run Ditch – 4.50% | 25,530 | 6,383 | | (3,191) | 3,192 | 3,192 |
| Shearer #3 Ditch – 3.81% | 20,446 | 3,833 | | (2,556) | 1,277 | 1,277 |
| Spencer Ditch – 4.70% | 30,285 | 7,571 | | (3,786) | 3,785 | 3,785 |
| Luedeke Ditch – 4.52% | 14,337 | 4,480 | | (1,792) | 2,688 | 1,792 |
| McKee Ditch – 4.60% | 36,178 | 11,306 | | (4,522) | 6,784 | 4,522 |
| Burr Oak Ditch – 4.50% | 36,970 | 11,553 | | (4,621) | 6,932 | 4,621 |
| Total Special Assessment Notes | | 968,629 | 137,523 | (227,619) | 878,533 | 214,925 |
| Total Other Long Term Obligations | | | | | | |
| Compensated Absences | | 1,994,572 | 973,260 | (1,045,318) | 1,922,514 | 812,411 |
| Net Pension Liability | | 11,699,719 | 270,364 | | 11,970,083 | |
| Total Governmental Activities | | <u>\$15,005,550</u> | <u>\$1,381,147</u> | <u>(\$1,326,851)</u> | <u>\$15,059,846</u> | <u>\$1,081,250</u> |
| Business Type Activities | | Balance 12/31/14 | Additions | Reductions | Balance 12/31/15 | Due Within One Year |
| Other Long-Term Obligations | | | | | | |
| Compensated Absences | | \$148,593 | \$86,743 | (\$101,624) | \$133,712 | \$82,077 |
| Net Pension Liability | | 2,165,793 | 50,048 | | 2,215,841 | |
| Total Business Type Activities | | <u>\$2,314,386</u> | <u>\$136,791</u> | <u>(\$101,624)</u> | <u>\$2,349,553</u> | <u>\$82,077</u> |

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

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

17. DEBT OBLIGATIONS (Continued)

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, 2015 are an overall debt margin of \$25,017,259 and an un-voted debt margin of \$10,606,904.

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

| <u>Year</u> | <u>General Obligation Bonds</u> | <u>Special Assessment Notes</u> | <u>OPWC Promissory Loans</u> | <u>Total Debt Obligations</u> |
|-----------------------|---|---|--------------------------------------|---------------------------------------|
| 2016 | \$43,465 | \$244,583 | \$13,914 | \$301,962 |
| 2017 | 46,845 | 210,823 | 13,914 | 271,582 |
| 2018 | | 169,245 | 13,914 | 183,159 |
| 2019 | | 121,526 | 13,914 | 135,440 |
| 2020 | | 95,442 | 13,914 | 109,356 |
| 2021-2025 | | 123,853 | 59,346 | 183,199 |
| 2026-2030 | | | 44,000 | 44,000 |
| 2031-2035 | | | 30,800 | 30,800 |
| Total | 90,310 | 965,472 | 203,716 | 1,259,498 |
| Less: | | | | |
| Interest | 5,310 | 86,939 | | 92,249 |
| Outstanding Principal | \$85,000 | \$878,533 | \$203,716 | \$1,167,249 |

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015 is as follows:

| <u>Project Loans:</u> | <u>Outstanding 12/31/14</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding 12/31/15</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> |
|------------------------|----------------|-------------|------------|-------------|
| Non-Spendable: | | | | |
| Inventory | \$88,048 | \$508,874 | | \$5,558 |
| Prepays | 300,572 | 18,249 | \$717 | 4,851 |
| Notes Receivable | | | | |
| Interfund Receivable | 1,501,985 | | | |
| Restricted for: | | | | |
| Debt Service | | | | |
| Capital Outlay | | | | |
| MVGT | | 786,132 | | |
| ACDD | | | | 3,806,426 |
| Other Purpose | | | | |

(Continued)

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

18. FUND BALANCES (Continued)

| <u>Fund Balances</u> | <u>General</u> | <u>MVGT</u> | <u>SWM</u> | <u>ACDD</u> |
|----------------------------|--------------------|--------------------|----------------------|--------------------|
| Committed to: | | | | |
| Capital Outlay | | | | |
| Other Purpose | | | | |
| Assigned | 2,851,879 | | | |
| Unassigned | 4,352,893 | | (1,072,718) | |
| Total Fund Balances | <u>\$9,095,377</u> | <u>\$1,313,255</u> | <u>(\$1,072,001)</u> | <u>\$3,816,835</u> |

| <u>Fund Balances</u> | <u>Community Alternatives</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------------|-------------------------------|---------------------------------|---------------------------------|
| Non-spendable: | | | |
| Inventory | | \$35,591 | \$638,071 |
| Prepays | \$420 | 91,393 | 416,202 |
| Notes Receivable | | 334,220 | 334,220 |
| Interfund Receivable | | 259,837 | 1,761,822 |
| Restricted for: | | | |
| Debt Service | | 87,987 | 87,987 |
| Capital Outlay | | 185,372 | 185,372 |
| MVGT | | | 786,132 |
| ACDD | | | 3,806,426 |
| Other Purpose | 3,900,862 | 5,548,277 | 9,449,139 |
| Committed to: | | | |
| Capital Outlay | | 834,616 | 834,616 |
| Other Purpose | | 112,820 | 112,820 |
| Assigned | | | 2,851,879 |
| Unassigned | | (72,847) | 3,207,328 |
| Total Fund Balances | <u>\$3,901,282</u> | <u>\$7,417,266</u> | <u>\$24,472,014</u> |

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:

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

19. PUBLIC ENTITY RISK POOLS (Continued)

| <u>County</u> | <u>%</u> | <u>Fixed Costs</u> | <u>Loss Fund</u> |
|---------------|----------|------------------------|----------------------|
| Auglaize | 22.61 | \$201,422 | \$61,468 |
| Hancock | 23.32 | 207,747 | 110,000 |
| Mercer | 19.21 | 171,133 | 80,124 |
| Shelby | 23.35 | 208,014 | 138,952 |
| Van Wert | 11.51 | 102,537 | 49,456 |

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 (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) 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 CCAOSC; 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.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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, 2015. The following unaudited cash financial data of the Commission is presented for the year ended December 31, 2015:

| | Joint Venture | Auglaize County's 50 Percent |
|---------------------------------|--------------------------|---|
| Total Non-Operating Revenues | \$4,558 | \$2,279 |
| Total Operating Expenses | (1,576) | (788) |
| Net Income (Loss) | 2,982 | 1,491 |
| Fund Balance, January 1, 2015 | 1,898 | 949 |
| Fund Balance, December 31, 2015 | \$4,880 | \$2,440 |

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.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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, 2015.

| | County Portion |
|---------------------------------|-----------------------|
| Total Operating Revenue | \$1,214,141 |
| Total Operating Expenses | (1,085,039) |
| Net Income (Loss) | 129,102 |
| Fund Balance, January 1, 2015 | 1,693,679 |
| Fund Balance, December 31, 2015 | \$1,822,781 |

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 2015 revenue received by the Bureau was \$166,768. Of this amount \$158,221 came from the lodging tax. \$89,432 of the total 2015 revenue was derived from Auglaize County. Financial information can be obtained from 900 Edgewater Drive, St Marys, Ohio 45885.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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, Suite 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.

J. Ellerman Group Ditch Improvement Project

The Boards of Auglaize and Mercer Counties as a Joint Board of County Commissioners joined together to form the Ellerman Group Ditch Improvement 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015:

| | Joint Venture | Auglaize County's 12.5 Percent |
|---------------------------------|--------------------------|---|
| Total Operating Revenues | \$64,084 | \$8,011 |
| Total Operating Expenses | (96,936) | (12,117) |
| Net Income (Loss) | (32,852) | (4,106) |
| Fund Balance, January 1, 2015 | 188,194 | 23,524 |
| Fund Balance, December 31, 2015 | \$155,342 | \$19,418 |

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 2015, tax revenues generated by the levy in Auglaize County were \$1,286,986. 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 and deferred inflows 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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 2015, 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.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

22. COMPONENT UNITS (Continued)

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, mortgage backed securities, mutual funds, preferred stock, and corporate bonds. 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 \$2,194 for 2015.

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.

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.

AUGLAIZE COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

23. RELATED PARTY TRANSACTIONS

Auglaize Industries has entered into a contractual agreement 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 2015, 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, 2015, the County had entered into several contracts, the most significant of which include the following:

| <u>Contractor</u> | <u>Amount</u> |
|---|--------------------|
| Sidney Electric | \$147,800 |
| Cy Schwieterman, Inc. | 202,311 |
| Miami County | 119,984 |
| Perfection Group, Inc. | 238,534 |
| Lima Allen Council on Community Affairs | 74,491 |
| Tyler Technologies, Inc. | 419,320 |
| Flow-Liner Systems, Inc. | 186,277 |
| Concept Rehab, Inc. | 50,441 |
| | <u>\$1,439,158</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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AUGLAIZE COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN
 LAST TWO YEARS (1)**

| | 2014 | 2013 |
|---|--------------|--------------|
| County's Proportion of the Net Pension Liability | .117617% | .117617% |
| County's Proportionate Share of the Net Pension Liability | \$14,185,924 | \$13,865,512 |
| County's Covered-Employee Payroll | \$15,058,436 | \$14,842,211 |
| County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 94.21% | 93.42% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.45% | 86.36% |

(1) Information prior to 2013 is not available

Amounts presented as of the County's measurement date which is the prior fiscal year end.

AUGLAIZE COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN
LAST THREE YEARS (1)**

| | 2015 | 2014 | 2013 |
|---|--------------|--------------|--------------|
| Contractually Required Contribution | \$2,035,961 | \$1,973,118 | \$2,067,911 |
| Contributions in Relation to the Contractually Required Contribution | (2,035,961) | (1,973,118) | (2,067,911) |
| Contribution Deficiency (Excess) | \$0 | \$0 | \$0 |
| County Covered-Employee Payroll | \$15,015,490 | \$15,058,436 | \$14,842,211 |
| Contributions as a Percentage of Covered-Employee Payroll | 13.56% | 13.10% | 13.93% |

(1) Information prior to 2013 is not available

AUGLAIZE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2015**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number or Grant | Federal CFDA Number | Total Federal Expenditures |
|--|--|------------------------------------|---|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Passed through Ohio Development Services Agency | | | |
| Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii | | | |
| Formula Grant | B-F-13-1AF-01 | 14.228 | \$105,800 |
| Allocation Grant | B-F-14-1AF-01 | | 68,000 |
| Community Housing Impact & Preservation Program | B-C-14-1AF-01 | | 98,265 |
| Residential Public Infrastructure Program | B-W-13-1AF-1 | | 142,195 |
| Total Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii | | | <u>414,260</u> |
| | | | |
| Home Investment Partnerships Program | B-C-14-1AF-02 | 14.239 | <u>49,780</u> |
| | | | |
| Total U.S. Department of Housing and Urban Development | | | <u>464,040</u> |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through Ohio Department of Job and Family Services | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | | | |
| | G-1516-11-5331 | 10.561 | <u>207,069</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Passed through Ohio Department of Public Safety | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 2013-DL-LEF-5804 | 16.738 | 29,058 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2013-DL-LEF-5804A | | 23,700 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2014-DL-LEF-5804 | | 16,587 |
| Edward Byrne Memorial Justice Assistance Grant Program | 2014-JG-C01-6925 | | 40,000 |
| Total Edward Byrne Memorial Justice Assistance Grant Program | | | <u>109,345</u> |
| | | | |
| Crime Victim Assistance | 2015-VOCA-19811748 | 16.575 | 8,596 |
| Crime Victim Assistance | 2015-VOCA-10200801 | | 24,560 |
| Total Crime Victim Assistance | | | <u>33,156</u> |
| | | | |
| Total U.S. Department of Justice | | | <u>142,501</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Direct | | | |
| Airport Improvement Program | | 20.106 | 46,787 |
| Airport Improvement Program | | 20.106 | 9,975 |
| Total Airport Improvement Program | | | <u>56,762</u> |
| | | | |
| Passed through the Ohio Department of Public Safety | | | |
| National Priority Safety Programs | 2015-6-00-00-00377-00 | 20.616 | 11,712 |
| State and Community Highway Safety | 2015-6-00-00-00529-00 | 20.600 | 10,272 |
| Total U.S. Department of Transportation | | | <u>78,746</u> |

AUGLAIZE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2015**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number or Grant | Federal CFDA Number | Total Federal Expenditures |
|--|--|------------------------------------|---|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Ohio Department of Job and Family Services | | | |
| Promoting Safe and Stable Families | G-1516-11-5331 | 93.556 | 29,414 |
| Temporary Assistance for Needy Families | G-1516-11-5331 | 93.558 | 761,077 |
| Child Support Enforcement | G-1516-11-5331 | 93.563 | 448,138 |
| Child Care and Development Block Grant | G-1516-11-5331 | 93.575 | 40,143 |
| Community-Based Child Abuse Prevention Grants | G-1011-11-0011/G-89-20-1025 | 93.590 | 2,996 |
| Stephanie Tubbs Jones Child Welfare Services Program | G-1516-11-5331 | 93.645 | 40,431 |
| Foster Care_Title IV-E | G-1516-11-5331 | 93.658 | 93,783 |
| Adoption Assistance | G-1516-11-5331 | 93.659 | 61,180 |
| Chafee Foster Care Independence Program | G-1516-11-5331 | 93.674 | 878 |
| Medical Assistance Program | G-1516-11-5331 | 93.778 | 364,241 |
| | | | <u>1,842,281</u> |
| Passed through Ohio Department of Developmental Disabilities | | | |
| Social Services Block Grant | | 93.667 | 26,619 |
| Passed through Ohio Department of Job and Family Services | | | |
| Social Services Block Grant | G-1516-11-5331 | 93.667 | 416,487 |
| Total Social Services Block Grant | | | <u>443,106</u> |
| Total U.S. Department of Health and Human Services | | | <u>2,285,387</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$3,177,743</u></u> |

See accompanying notes to the schedule of expenditures of federal awards.

AUGLAIZE COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Auglaize County (the County) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: MATCHING REQUIREMENTS

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

NOTE 4: COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAM – WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has a revolving loan fund (RLF) program to provide low-interest loans to existing businesses, to create jobs for persons from low to moderate income households, to help with capital expenditures of existing businesses, and to help with startup funds for new businesses. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. These loans are collateralized by equipment.

NOTE 5: TRANSFERS BETWEEN FEDERAL PROGRAMS

During 2015, the County made allowable transfers of \$216,129 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent \$761,077 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 2015 and the amount transferred to the Social Services Block Grant program.

| | |
|---|------------------|
| Temporary Assistance for Needy Families | \$977,206 |
| Transfer to Social Services Block Grant | <u>(216,129)</u> |
| Total Temporary Assistance for Needy Families | <u>\$761,077</u> |

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Dave Yost • Auditor of State

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

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 aggregate remaining fund information of Auglaize County, (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 20, 2016. wherein we noted the County adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We also noted that the County restated beginning net position of Governmental Activities for capital assets and internal service fund allocation. Our report refers to other auditors who audited the financial statements of the discretely presented component units, Airport Authority and Auglaize Industries, as described in our report on the County's financial statements. 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.

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

October 20, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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) *Compliance Supplement* that could directly and materially affect each of Auglaize County's major federal programs for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, 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 for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

October 20, 2016

AUGLAIZE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | CFDA# 93.558 Temporary Assistance for Needy Families (TANF) CFDA# 93.563 Child Support Enforcement CFDA# 14.228 Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR §200.520? | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

AUGLAIZE COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2015**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---|--|
| 2014-001 | Material Weakness - Various financial statement errors. | Partially corrected | Repeated as management letter recommendation due to fewer and less significant errors. |
| 2014-002 | Ohio Rev. Code Section 124.39(B) and 124.39(C) , and Auglaize County Personnel Policy Manual - Finding for Recovery - severance overpayment | Corrective action taken and finding fully corrected | |



Dave Yost • Auditor of State

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
NOVEMBER 17, 2016**