



Dave Yost • Auditor of State

FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton 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, Motor Vehicle and Gas Tax, County Board of Developmental Disabilities, and Emergency Medical Services Advance and Basic Life Services 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*. We did not modify our opinion regarding this matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 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

August 30, 2016

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FULTON COUNTY

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

The management's discussion and analysis of Fulton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net position of the County increased \$5,919,801. Net position of governmental activities increased \$6,339,736, which represents a 9.02% increase from restated 2014 net position. Net position of business-type activities decreased \$419,935 or 1.87% from restated 2014 net position.
- General revenues accounted for \$20,643,640 or 51.41% of total governmental activities revenue. Program specific revenues accounted for \$19,510,488 or 48.59% of total governmental activities revenue of \$40,154,128.
- The County had \$33,739,392 in expenses related to governmental activities; \$19,510,488 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20,643,640 were adequate to provide for these programs.
- The general fund, the County's largest major fund, had revenues of \$13,635,586 in 2015. The expenditures and other financing uses of the general fund were \$11,591,121 in 2015. The general fund balance increased \$2,044,465 from 2014 to 2015.
- The motor vehicle and gas tax fund, a County major fund, had revenues of \$5,165,920 in 2015. The motor vehicle and gas tax fund had expenditures of \$5,186,252 in 2015. The motor vehicle and gas tax fund balance decreased \$20,332 from 2014 to 2015.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of \$4,827,596 in 2015. The county board of DD had expenditures of \$4,890,879 in 2015. The county board of DD fund balance decreased \$63,283 from 2014 to 2015.
- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of \$2,259,685 in 2015. The EMS advanced and basic life services fund had expenditures of \$3,034,368 in 2015. The EMS A&B life services fund balance decreased \$774,683 from 2014 to 2015.
- The County had two major proprietary funds. The net position for the water fund decreased in 2015 by \$298,934 or 1.79%. Net position for the sewer fund decreased in 2015 by \$184,005 or 3.20%.
- In the general fund, actual revenues and other financing sources of \$13,187,159 exceeded original budgeted revenues and other financing sources by \$2,039,450 and final budgeted revenues and other financing sources by \$1,204,450. The increase is due to the County's conservative approach to budgeting.

FULTON COUNTY

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

Using this Basic Financial Statements (BFS)

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

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

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2015?" These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

FULTON COUNTY

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

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general, motor vehicle and gas tax, board of developmental disabilities (county board of DD), and EMS advanced and basic (EMS A&B) life services 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Proprietary Funds

The County maintains two different 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 water, sewer, solid waste incinerator and recycling operations. The internal service funds used to accumulate and allocate costs intentionally for mapping services and information technology provided to other departments.

Fiduciary Funds

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

FULTON COUNTY

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

Notes to the Basic 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability.

Government-Wide Financial Analysis

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

The table below provides a summary of the County's net position for 2015 and 2014. The net position at December 31, 2014 has been restated as described in Note 3.

	Net Position					
	Governmental Activities 2015	Business-type Activities 2015	Restated Governmental Activities 2014	Restated Business-type Activities 2014	2015 Total	Restated 2014 Total
Assets:						
Current and other assets	\$ 46,645,446	\$ 3,122,358	\$ 42,896,545	\$ 3,085,707	\$ 49,767,804	\$ 45,982,252
Capital assets, net	<u>50,939,882</u>	<u>21,434,916</u>	<u>47,244,301</u>	<u>22,058,445</u>	<u>72,374,798</u>	<u>69,302,746</u>
Total assets	<u>97,585,328</u>	<u>24,557,274</u>	<u>90,140,846</u>	<u>25,144,152</u>	<u>122,142,602</u>	<u>115,284,998</u>
Deferred outflows of resources:						
Pension	<u>1,890,210</u>	<u>38,617</u>	<u>1,333,574</u>	<u>27,740</u>	<u>1,928,827</u>	<u>1,361,314</u>
Total deferred outflows of resources	<u>1,890,210</u>	<u>38,617</u>	<u>1,333,574</u>	<u>27,740</u>	<u>1,928,827</u>	<u>1,361,314</u>
Liabilities:						
Long-term liabilities	2,071,942	2,314,509	2,157,740	2,445,495	4,386,451	4,603,235
Net pension liability	10,942,142	213,781	10,607,178	208,952	11,155,923	10,816,130
Other liabilities	<u>1,851,358</u>	<u>45,332</u>	<u>1,376,963</u>	<u>79,138</u>	<u>1,896,690</u>	<u>1,456,101</u>
Total liabilities	<u>14,865,442</u>	<u>2,573,622</u>	<u>14,141,881</u>	<u>2,733,585</u>	<u>17,439,064</u>	<u>16,875,466</u>
Deferred inflows of resources:						
Property taxes	7,661,000	-	6,942,336	-	7,661,000	6,942,336
Pension	<u>357,118</u>	<u>3,897</u>	<u>137,961</u>	<u>-</u>	<u>361,015</u>	<u>137,961</u>
Total deferred inflows of resources	<u>8,018,118</u>	<u>3,897</u>	<u>7,080,297</u>	<u>-</u>	<u>8,022,015</u>	<u>7,080,297</u>
Net position:						
Net investment in capital assets	48,679,958	19,289,867	46,101,057	19,808,937	67,969,825	65,909,994
Restricted	17,550,403	-	15,209,845	-	17,550,403	15,209,845
Unrestricted	<u>10,361,617</u>	<u>2,728,505</u>	<u>8,941,340</u>	<u>2,629,370</u>	<u>13,090,122</u>	<u>11,570,710</u>
Total net position	<u>\$ 76,591,978</u>	<u>\$ 22,018,372</u>	<u>\$ 70,252,242</u>	<u>\$ 22,438,307</u>	<u>\$ 98,610,350</u>	<u>\$ 92,690,549</u>

FULTON COUNTY

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

During 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" 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.

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 within 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.

FULTON COUNTY

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

As a result of implementing GASB 68, the County is reporting a net pension 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 from \$79,657,876 to \$70,252,242 and business-type activities from \$22,619,393 to \$22,438,307.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2015, the County's assets exceeded liabilities and deferred inflows by \$98,610,350. This amounts to \$76,591,978 in governmental activities and \$22,018,372 in business-type activities. The County's finances remained strong during 2015.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 59.25% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. The County's net investment in capital assets at December 31, 2015, was \$67,969,825. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2015, the County is able to report positive balances in all three categories of net position for the governmental activities and business-type activities.

A portion of the County's net position, \$17,550,403 or 17.80%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$13,090,122 may be used to meet the government's ongoing obligations to citizens and creditors.

FULTON COUNTY

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

The table below shows the changes in net position for fiscal years 2015 and 2014.

	Governmental Activities 2015	Business-type Activities 2015	Governmental Activities 2014	Business-type Activities 2014	2015 Total	2014 Total
Revenues:						
Program revenues:						
Charges for services and sales	\$ 5,978,718	\$ 4,326,407	\$ 5,604,590	\$ 3,965,329	\$ 10,305,125	\$ 9,569,919
Operating grants and contributions	9,680,917	-	9,847,739	-	9,680,917	9,847,739
Capital grants and contributions	<u>3,850,853</u>	<u>-</u>	<u>320,165</u>	<u>19,003</u>	<u>3,850,853</u>	<u>339,168</u>
Total program revenues	<u>19,510,488</u>	<u>4,326,407</u>	<u>15,772,494</u>	<u>3,984,332</u>	<u>23,836,895</u>	<u>19,756,826</u>
General revenues:						
Property taxes	7,918,606	-	7,405,121	-	7,918,606	7,405,121
Sales tax	8,314,532	-	7,826,658	-	8,314,532	7,826,658
Unrestricted grants	2,575,517	-	2,382,778	-	2,575,517	2,382,778
Investment earnings	343,067	-	245,984	-	343,067	245,984
Other	<u>1,491,918</u>	<u>93,364</u>	<u>1,464,411</u>	<u>104,761</u>	<u>1,585,282</u>	<u>1,569,172</u>
Total general revenues	<u>20,643,640</u>	<u>93,364</u>	<u>19,324,952</u>	<u>104,761</u>	<u>20,737,004</u>	<u>19,429,713</u>
Total revenues	<u>40,154,128</u>	<u>4,419,771</u>	<u>35,097,446</u>	<u>4,089,093</u>	<u>44,573,899</u>	<u>39,186,539</u>
Expenses:						
Program expenses:						
General government	7,453,533	-	7,741,578	-	7,453,533	7,741,578
Public safety	7,634,190	-	7,583,069	-	7,634,190	7,583,069
Public works	5,349,456	-	5,231,715	-	5,349,456	5,231,715
Health	6,904,748	-	6,843,523	-	6,904,748	6,843,523
Human services	4,815,726	-	4,799,491	-	4,815,726	4,799,491
Economic development	538,570	-	1,472,874	-	538,570	1,472,874
Other	8,389	-	46,713	-	8,389	46,713
Intergovernmental	1,014,096	-	972,705	-	1,014,096	972,705
Interest and fiscal charges	20,684	-	25,894	-	20,684	25,894
Water	-	4,106,641	-	3,838,703	4,106,641	3,838,703
Sewer	-	576,239	-	565,203	576,239	565,203
Solid waste incinerator	<u>-</u>	<u>231,826</u>	<u>-</u>	<u>229,301</u>	<u>231,826</u>	<u>229,301</u>
Total expenses	<u>33,739,392</u>	<u>4,914,706</u>	<u>34,717,562</u>	<u>4,633,207</u>	<u>38,654,098</u>	<u>39,350,769</u>
Special item	-	-	1,610,282	-	-	1,610,282
Transfers	<u>(75,000)</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	6,339,736	(419,935)	1,990,166	(544,114)	5,919,801	1,446,052
Net position at beginning of year (restated)	<u>70,252,242</u>	<u>22,438,307</u>	N/A	N/A	<u>92,690,549</u>	N/A
Net position at end of year	<u>\$ 76,591,978</u>	<u>\$ 22,018,372</u>	<u>\$ 70,252,242</u>	<u>\$ 22,438,307</u>	<u>\$ 98,610,350</u>	<u>\$ 92,690,549</u>

FULTON COUNTY

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

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 of \$1,361,314 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 \$1,271,957. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$ 33,739,392	\$ 4,914,706
Pension expense under GASB 68	(1,248,012)	(23,945)
2015 contractually required contributions	1,266,360	26,433
Adjusted 2015 program expenses	33,757,740	4,917,194
Total 2014 program expenses under GASB 27	34,717,562	4,633,207
Increase (decrease) in program expenses not related to pension	\$ (959,822)	\$ 283,987

Governmental Activities

Governmental net position increased by \$6,339,736 in 2015 from 2014. The increase in net position is a result in additional revenue collected by the County. Capital Grants and contributions increased by \$3,530,688 which relates to federal grant monies received for the paving project of County Road D/3. General Revenues increased by \$1,317,658 which was due to the increase in property tax collections due to the agriculture real estate valuations increased and an increase in sales tax receipts.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2015, general government expenses totaled \$7,453,533, or 22.09% of total governmental expenses. General government programs were supported by \$3,400,008 in direct charges to users and \$37,840 in operating grants and contributions.

The County's largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced & basic life services. The program accounted for \$7,634,190 or 22.63% of total governmental expenses. Public safety programs are primarily supported by revenues from charges to users of services, of \$1,090,732, and operating grants and contributions of \$784,803.

The next largest program is health, which accounted for \$6,904,748 of expenses, or 20.46% of total governmental expenses of the County during 2015. Health programs include the operation of the county board of DD, the senior center and the dog warden and kennel. These expenses were funded in part by \$584,218 in charges to users of services and \$1,239,062 in operating grants and contributions in 2015.

Another significant program is public works, which accounted for \$5,349,456 of expenses, or 15.86% of total governmental expenses of the County during 2015. Public works programs include the office of the County Engineer, which is accounted for in the motor vehicle and gas tax fund. These expenses were funded in part by \$259,205 in charges to users of services, \$4,113,837 in operating grants and contributions, and \$3,850,853 in capital grants and contributions in 2015.

FULTON COUNTY

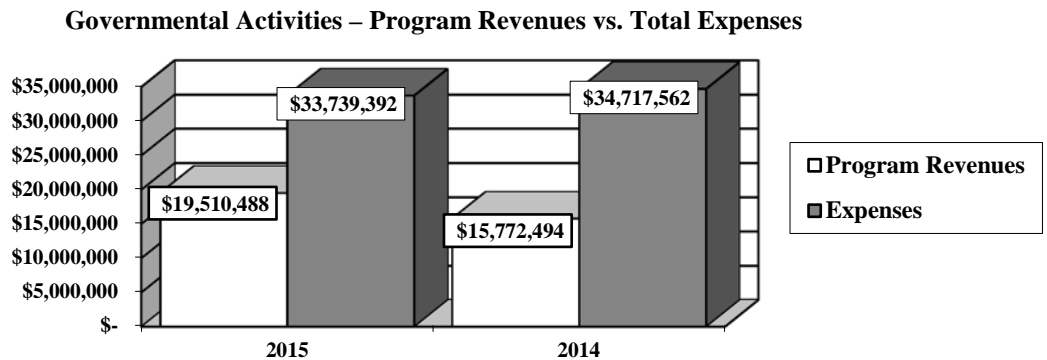
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED) - (CONTINUED)

The final significant program is human services, which accounted for \$4,815,726 of expenses, or 14.27% of total governmental expenses of the County during 2015. Human services programs include the operations of the public assistance, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by \$628,881 in charges to users of services and \$3,241,657 in operating grants and contributions in 2015.

Operating grants and contributions were the largest type of program revenue. The State and federal government contributed revenues of \$9,680,917 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$3,241,657, or 33.49%, subsidized human services programs, \$4,113,837 or 42.49%, subsidized public works programs, and \$1,239,062, or 12.80%, subsidized health programs. Another type of program revenue is direct charges to users of governmental activities, made up \$5,978,718 or 14.89% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

General revenues totaled \$20,643,640, and amounted to 51.41% of total revenues. These revenues primarily consist of property and sales tax revenue of \$16,233,138, or 78.64% of total general revenues in 2015. Property taxes increased by 6.93% during 2015. Sales tax revenue increased 6.23% in 2015. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue, homestead and rollback and tangible personal property tax reimbursement revenue. Interest earnings increased during 2015 to \$343,067, or 1.66%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.



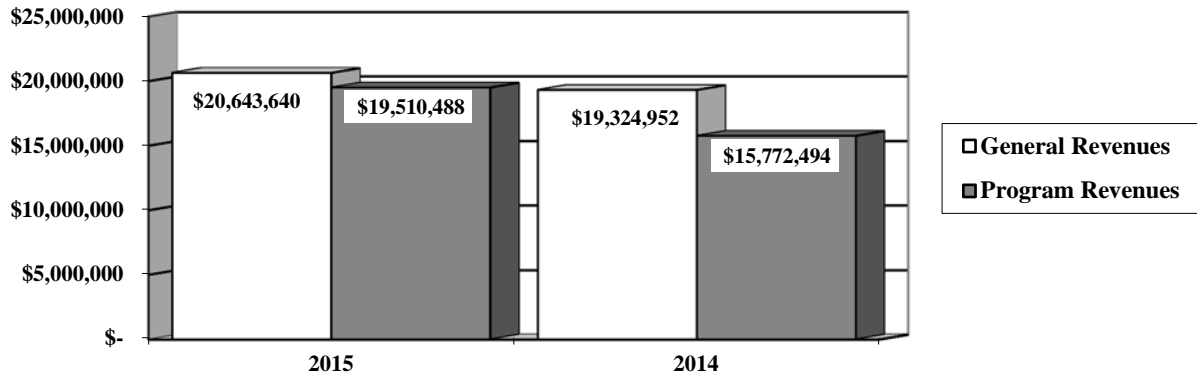
FULTON COUNTY

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

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Program expenses:				
General government	\$ 7,453,533	\$ 4,015,685	\$ 7,741,578	\$ 4,507,727
Public safety	7,634,190	5,758,655	7,583,069	6,211,001
Public works	5,349,456	(2,874,439)	5,231,715	652,189
Health	6,904,748	5,081,468	6,843,523	4,876,424
Human services	4,815,726	945,188	4,799,491	1,016,644
Economic development and assistance	538,570	259,178	1,472,874	635,771
Other	8,389	8,389	46,713	46,713
Intergovernmental	1,014,096	1,014,096	972,705	972,705
Interest and fiscal charges	20,684	20,684	25,894	25,894
Total	\$ 33,739,392	\$ 14,228,904	\$ 34,717,562	\$ 18,945,068

The dependence upon general revenues for governmental activities is apparent; with 42.17% and 54.57% of expenses supported through taxes and other general revenues during 2015 and 2014, respectively.

Governmental Activities - General and Program Revenues



Business-Type Activities

The water and sewer funds are the County's two major proprietary funds. The business-type activities had revenues of \$4,494,771 and expenses of \$4,914,706 for 2015. The net position of these programs decreased \$419,935 or 1.87% from 2014.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

FULTON COUNTY

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

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 the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of \$32,835,461, which is \$2,215,918 more than last year's total of \$30,619,543. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2015 for all major and non-major governmental funds.

	Fund Balance <u>December 31, 2015</u>	Fund Balance <u>December 31, 2014</u>	Increase <u>(Decrease)</u>
Major funds:			
General	\$ 11,969,349	\$ 9,924,884	\$ 2,044,465
Motor vehicle and gas tax	2,350,717	2,371,049	(20,332)
County board of DD	4,830,555	4,893,838	(63,283)
EMS A & B life services	1,886,353	2,661,036	(774,683)
Other nonmajor governmental funds	<u>11,798,487</u>	<u>10,768,736</u>	<u>1,029,751</u>
Total	<u>\$ 32,835,461</u>	<u>\$ 30,619,543</u>	<u>\$ 2,215,918</u>

General Fund

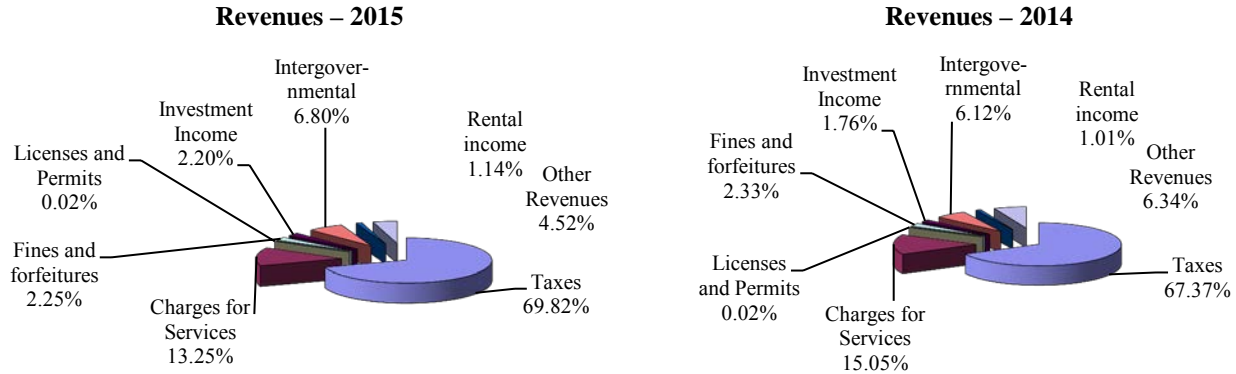
The general fund is the primary operating fund of the County. During 2015, the County's general fund balance increased \$2,044,465. The table that follows assists in illustrating the revenues of the general fund.

	2015 <u>Amount</u>	2014 <u>Amount</u>	Percentage <u>Change</u>
Revenues:			
Taxes	\$ 9,520,462	\$ 8,764,096	8.63 %
Charges for services	1,806,594	1,957,685	(7.72) %
Licenses and permits	2,838	2,754	3.05 %
Fines and forfeitures	307,158	302,785	1.44 %
Intergovernmental	927,246	795,699	16.53 %
Investment income	299,474	228,546	31.03 %
Rental income	155,287	130,778	18.74 %
Other	<u>616,527</u>	<u>824,208</u>	(25.20) %
Total	<u>\$ 13,635,586</u>	<u>\$ 13,006,551</u>	4.84 %

Tax revenue represents 69.82% of all general fund revenue. Intergovernmental income increased \$131,547 or 16.53% due to an increase in local government taxes received in 2015. Investment income increased \$70,928 or 31.03% because several negotiable certificates of deposit were opened during 2015. Rental income increased \$24,509 or 18.74% due to more monies received from various rentals throughout the County. Other revenues decreased \$207,681 or 25.20% due to a decrease in agriculture sales and utility reimbursements. All other revenue remained comparable to 2014.

FULTON COUNTY

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



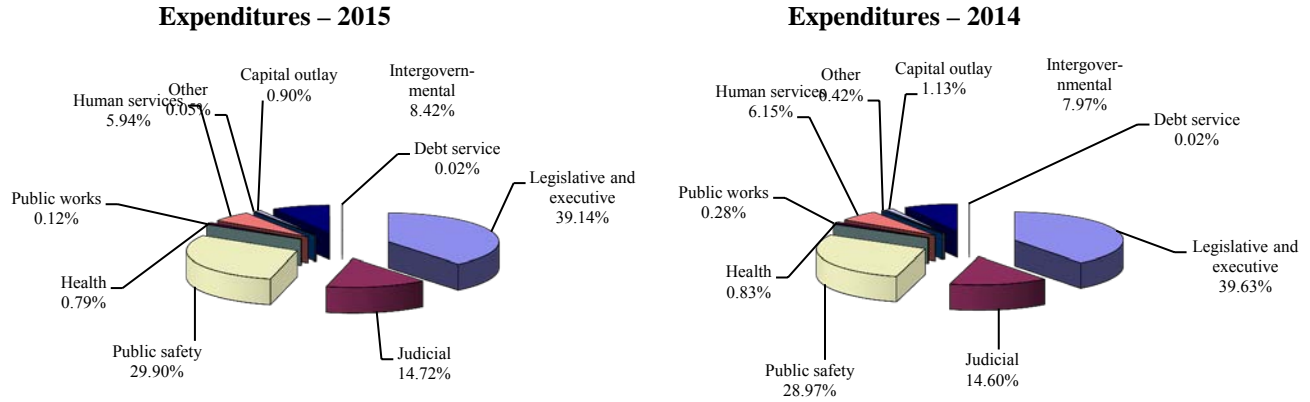
The table that follows assists in illustrating the expenditures of the general fund.

	2015 <u>Amount</u>	2014 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
General government			
Legislative and executive	\$ 4,391,097	\$ 4,453,142	(1.39) %
Judicial	1,651,941	1,640,277	0.71 %
Public safety	3,353,881	3,255,005	3.04 %
Public works	13,365	31,571	(57.67) %
Health	88,449	93,724	(5.63) %
Human services	666,405	691,236	(3.59) %
Other	5,707	46,713	(87.78) %
Capital outlay	100,823	126,979	(20.60) %
Intergovernmental	944,717	895,361	5.51 %
Debt service	2,220	2,664	(16.67) %
Total	<u>\$ 11,218,605</u>	<u>\$ 11,236,672</u>	<u>(0.16) %</u>

Overall general fund expenditures decreased 0.16% from the prior year. Public works expenditures decreased \$18,206 or 57.67% due to an increase in public works projects. Other expenditures decreased by \$41,006 or 87.78% due to a large percentage the County's unclaimed monies being returned. Capital outlay decreased \$26,156 or 20.60% due to a decrease in assets purchased. Overall, expenditures remained consistent with the prior year.

FULTON COUNTY

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



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of \$5,165,920 in 2015. The motor vehicle and gas tax fund had expenditures of \$5,186,252 in 2015. The motor vehicle and gas tax fund balance decreased \$20,332 from 2014 to 2015. The decrease is due to expenditures for public works projects being greater than revenues.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues and other financing sources of \$4,827,596 in 2015. The county board of DD had expenditures of \$4,890,879 in 2015. The county board of DD fund balance decreased \$63,283 from 2014 to 2015. The decrease is due to expenditures for health programs being greater than revenues.

EMS Advanced and Basic Life Services Fund

The EMS A&B life services fund, a County major fund, had revenues of \$2,259,685 in 2015. The EMS advanced and basic life services fund had expenditures of \$3,034,368 in 2015. The EMS advanced and basic life services fund balance decreased \$774,683 from 2014 to 2015. This decrease is primarily due to an increase in public safety contract services.

Budgeting Highlights – General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, actual revenues and other financing sources of \$13,187,159 exceeded original budgeted revenues and other financing sources by \$2,039,450 and final budgeted revenues and other financing sources by \$1,204,450. The increase is due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of \$12,005,547 were \$784,654 less than original budgeted appropriations and \$1,464,098 less than final budgeted appropriations, respectively.

FULTON COUNTY

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

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2015, the County had \$72,374,798 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$50,939,882 was reported in governmental activities and \$21,434,916 was reported in business-type activities, see Note 10 to the basic financial statements for detail.

The following table shows fiscal 2015 balances compared to 2014:

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

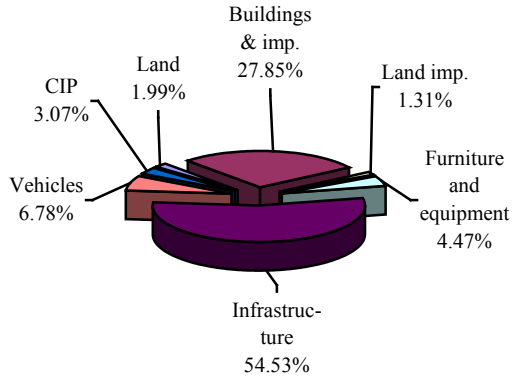
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,011,931	\$ 1,011,931	\$ -	\$ -	\$ 1,011,931	\$ 1,011,931
Construction-in-progress	1,564,948	1,275,187	-	-	1,564,948	1,275,187
Land improvements	669,347	662,062	-	-	669,347	662,062
Building and improvements	14,186,324	14,109,772	13,885	15,620	14,200,209	14,125,392
Furniture and equipment	2,277,535	2,465,082	42,296	12,226	2,319,831	2,477,308
Vehicles	3,453,192	3,333,425	28,812	32,202	3,482,004	3,365,627
Infrastructure	27,776,605	24,386,842	-	-	27,776,605	24,386,842
Water/sewer lines	-	-	21,349,923	21,998,397	21,349,923	21,998,397
Total	<u>\$ 50,939,882</u>	<u>\$ 47,244,301</u>	<u>\$ 21,434,916</u>	<u>\$ 22,058,445</u>	<u>\$ 72,374,798</u>	<u>\$ 69,302,746</u>

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2015 and 2014.

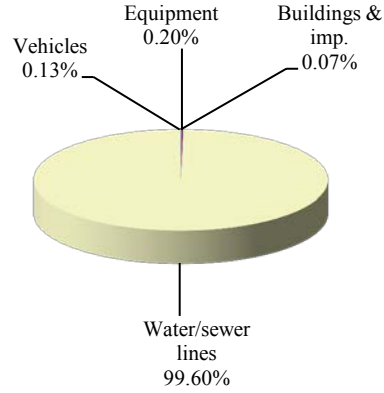
FULTON COUNTY

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

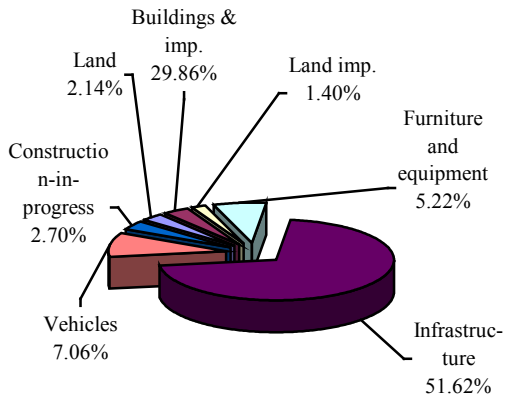
Capital Assets - Governmental Activities 2015



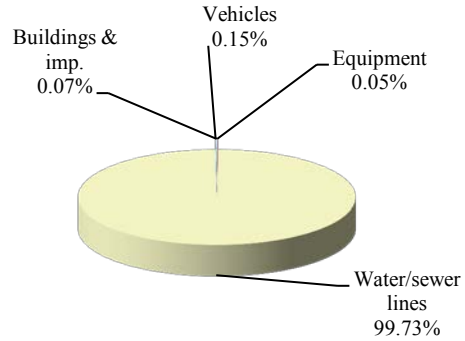
Capital Assets - Business-Type Activities 2015



**Capital Assets - Governmental Activities
2014**



Capital Assets - Business-Type Activities 2014



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2015 and 2014:

FULTON COUNTY

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

	Governmental Activities 2015	Governmental Activities 2014
Special assessment bonds	\$ 105,000	\$ 125,000
General obligation notes	61,678	90,415
General obligation bonds	215,000	315,000
Capital lease	12,524	2,141
OPWC loans	787,649	735,688
Total long-term obligations	\$ 1,181,851	\$ 1,268,244
	Business-Type Activities 2015	Business-Type Activities 2014
OWDA loans	\$ 1,917,420	\$ 1,995,825
Special assessment bonds	200,455	242,905
Loan payable	150,298	166,400
Total long-term obligations	\$ 2,268,173	\$ 2,405,130

See Note 13 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the 2015 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2014 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

The average unemployment rate for Fulton County in 2015 was 4.7%. Fulton County ranks slightly lower than the state average of 5.1%. Efforts in the area of economic development are predicted to have positive results in 2016 with the addition of jobs in Fulton County. The strongest growth area in 2016 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to improve slowly over the next year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Brett J. Kolb, Fulton County Auditor, Courthouse, 152 S. Fulton Street, Suite 165, Wauseon, Ohio 43567-3310.

FULTON COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 30,298,649	\$ 2,588,736	\$ 32,887,385
Cash in segregated accounts.	51,543	3,093	54,636
Receivables:			
Sales taxes.	2,030,441	-	2,030,441
Property taxes.	7,687,711	-	7,687,711
Accounts.	333,939	315,526	649,465
Special assessments	532,625	373,475	906,100
Accrued interest	135,753	-	135,753
Due from other governments.	4,798,051	-	4,798,051
Materials and supplies inventory.	308,066	4,221	312,287
Prepayments	160,004	3,541	163,545
Net pension asset.	21,764	462	22,226
Loans receivable, net	120,204	-	120,204
Internal balance	166,696	(166,696)	-
Capital assets:			
Land and construction in progress.	2,576,879	-	2,576,879
Depreciable capital assets, net.	48,363,003	21,434,916	69,797,919
Total capital assets, net.	50,939,882	21,434,916	72,374,798
Total assets	<u>97,585,328</u>	<u>24,557,274</u>	<u>122,142,602</u>
Deferred outflows of resources:			
Pension- OPERS	1,822,516	38,617	1,861,133
Pension- STRS	67,694	-	67,694
Total deferred outflows of resources	<u>1,890,210</u>	<u>38,617</u>	<u>1,928,827</u>
Liabilities:			
Accounts payable.	267,182	23,221	290,403
Contracts payable.	1,296,600	15,142	1,311,742
Accrued wages and benefits.	169,502	3,844	173,346
Due to other governments	114,154	2,277	116,431
Accrued interest payable	3,920	848	4,768
Long-term liabilities:			
Due within one year	897,320	172,919	1,070,239
Net pension liability	10,942,142	213,781	11,155,923
Due in more than one year.	1,174,622	2,141,590	3,316,212
Total liabilities	<u>14,865,442</u>	<u>2,573,622</u>	<u>17,439,064</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	7,661,000	-	7,661,000
Pension-OPERS.	183,890	3,897	187,787
Pension-STRS.	173,228	-	173,228
Total deferred inflows of resources	<u>8,018,118</u>	<u>3,897</u>	<u>8,022,015</u>
Net position:			
Net investment in capital assets.	48,679,958	19,289,867	67,969,825
Restricted for:			
Debt service	8,279	-	8,279
Capital projects	2,334,847	-	2,334,847
Real estate assessment.	712,247	-	712,247
Public safety programs.	3,481,596	-	3,481,596
Public works.	2,777,369	-	2,777,369
Health programs.	3,205,516	-	3,205,516
County court special projects.	766,457	-	766,457
Human services programs.	2,219,222	-	2,219,222
Economic development programs.	464,839	-	464,839
County court computer services	328,889	-	328,889
Other purposes.	1,251,142	-	1,251,142
Unrestricted	<u>10,361,617</u>	<u>2,728,505</u>	<u>13,090,122</u>
Total net position	<u>\$ 76,591,978</u>	<u>\$ 22,018,372</u>	<u>\$ 98,610,350</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive	\$ 5,456,147	\$ 2,080,286	\$ 35,159	\$ -
Judicial	1,997,386	1,319,722	2,681	-
Public safety	7,634,190	1,090,732	784,803	-
Public works	5,349,456	259,205	4,113,837	3,850,853
Health	6,904,748	584,218	1,239,062	-
Human services	4,815,726	628,881	3,241,657	-
Economic development and assistance	538,570	15,674	263,718	-
Intergovernmental	1,014,096	-	-	-
Other	8,389	-	-	-
Interest and fiscal charges	20,684	-	-	-
Total governmental activities	<u>33,739,392</u>	<u>5,978,718</u>	<u>9,680,917</u>	<u>3,850,853</u>
Business-type activities:				
Water	4,106,641	3,771,298	-	-
Sewer	576,239	335,279	-	-
Other business-type activities:				
Solid waste incinerator	<u>231,826</u>	<u>219,830</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,914,706</u>	<u>4,326,407</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 38,654,098</u>	<u>\$ 10,305,125</u>	<u>\$ 9,680,917</u>	<u>\$ 3,850,853</u>

General revenues:

- Property taxes levied for:
 - General purposes
 - Health - County Board of DD.
 - Health - Senior Center.
 - Public safety - EMS A & B life services.
 - Public safety - EMS.
 - Public safety - 911.
- Sales taxes levied for:
 - General purposes
- Grants and entitlements not restricted to specific programs.
- Investment earnings.
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year (restated)

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (3,340,702)	\$ -	\$ (3,340,702)
(674,983)	-	(674,983)
(5,758,655)	-	(5,758,655)
2,874,439	-	2,874,439
(5,081,468)	-	(5,081,468)
(945,188)	-	(945,188)
(259,178)	-	(259,178)
(1,014,096)	-	(1,014,096)
(8,389)	-	(8,389)
(20,684)	-	(20,684)
<u>(14,228,904)</u>	<u>-</u>	<u>(14,228,904)</u>
-	(335,343)	(335,343)
-	(240,960)	(240,960)
<u>-</u>	<u>(11,996)</u>	<u>(11,996)</u>
<u>-</u>	<u>(588,299)</u>	<u>(588,299)</u>
<u>(14,228,904)</u>	<u>(588,299)</u>	<u>(14,817,203)</u>
1,800,358	-	1,800,358
2,753,126	-	2,753,126
1,215,123	-	1,215,123
1,318,699	-	1,318,699
211,143	-	211,143
620,157	-	620,157
8,314,532	-	8,314,532
2,575,517	-	2,575,517
343,067	-	343,067
1,491,918	93,364	1,585,282
<u>20,643,640</u>	<u>93,364</u>	<u>20,737,004</u>
<u>(75,000)</u>	<u>75,000</u>	<u>-</u>
<u>20,568,640</u>	<u>168,364</u>	<u>20,737,004</u>
6,339,736	(419,935)	5,919,801
<u>70,252,242</u>	<u>22,438,307</u>	<u>92,690,549</u>
<u>\$ 76,591,978</u>	<u>\$ 22,018,372</u>	<u>\$ 98,610,350</u>

FULTON COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>
Assets:			
Equity in pooled cash and investments.	\$ 10,326,925	\$ 1,476,921	\$ 4,719,488
Cash in segregated accounts.	51,312	-	-
Receivables:			
Sales taxes.	1,987,983	42,458	-
Property taxes.	1,705,080	-	2,728,129
Accounts.	77,927	67,271	39,873
Special assessments.	-	-	-
Interfund loans.	170,311	-	-
Accrued interest.	135,753	-	-
Due from other funds.	25,656	-	-
Due from other governments.	445,675	2,006,773	287,182
Advances to other funds.	40,473	-	-
Materials and supplies inventory.	69,900	180,052	3,888
Prepayments.	44,815	5,977	28,090
Loans receivable, net.	-	-	-
Total assets.	<u>15,081,810</u>	<u>3,779,452</u>	<u>7,806,650</u>
Liabilities:			
Accounts payable.	93,342	17,171	20,193
Contracts payable.	8,123	-	-
Accrued wages and benefits payable.	67,823	17,107	31,507
Compensated absences payable.	-	-	640
Due to other governments.	44,101	11,448	20,806
Interfund loans payable.	-	-	-
Advances from other funds.	-	-	-
Due to other funds.	41,510	123	-
Total liabilities.	<u>254,899</u>	<u>45,849</u>	<u>73,146</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,700,000	-	2,720,000
Delinquent property tax revenue not available.	5,080	-	8,129
Accrued interest not available.	82,585	-	-
Special assessments revenue not available.	-	-	-
Sales tax revenue not available.	773,584	-	-
Intergovernmental revenue not available.	296,313	1,382,886	174,820
Miscellaneous revenue not available.	-	-	-
Total deferred inflows of resources.	<u>2,857,562</u>	<u>1,382,886</u>	<u>2,902,949</u>
Fund balances:			
Nonspendable.	245,790	186,029	31,978
Restricted.	-	2,164,688	4,798,577
Committed.	-	-	-
Assigned.	5,228,393	-	-
Unassigned (deficit).	6,495,166	-	-
Total fund balances.	<u>11,969,349</u>	<u>2,350,717</u>	<u>4,830,555</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 15,081,810</u>	<u>\$ 3,779,452</u>	<u>\$ 7,806,650</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EMS A & B Life Services	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,877,986	\$ 11,730,698	\$ 30,132,018
-	231	51,543
-	-	2,030,441
1,318,930	1,935,572	7,687,711
104,109	44,759	333,939
-	532,625	532,625
-	-	170,311
-	-	135,753
-	82,122	107,778
82,397	1,976,024	4,798,051
-	-	40,473
-	54,058	307,898
2,933	64,622	146,437
-	120,204	120,204
<u>3,386,355</u>	<u>16,540,915</u>	<u>46,595,182</u>
3,293	132,430	266,429
38,450	1,250,027	1,296,600
1,240	48,304	165,981
-	1,124	1,764
982	34,640	111,977
-	5,311	5,311
-	40,473	40,473
391	64,058	106,082
<u>44,356</u>	<u>1,576,367</u>	<u>1,994,617</u>
1,315,000	1,926,000	7,661,000
3,930	5,756	22,895
-	-	82,585
-	532,625	532,625
-	-	773,584
82,397	701,680	2,638,096
54,319	-	54,319
<u>1,455,646</u>	<u>3,166,061</u>	<u>11,765,104</u>
2,933	118,680	585,410
1,883,420	9,874,960	18,721,645
-	1,790,699	1,790,699
-	31,083	5,259,476
-	(16,935)	6,478,231
<u>1,886,353</u>	<u>11,798,487</u>	<u>32,835,461</u>
<u>\$ 3,386,355</u>	<u>\$ 16,540,915</u>	<u>\$ 46,595,182</u>

FULTON COUNTY

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

Total governmental fund balances	\$	32,835,461
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		50,933,160
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Sales taxes receivable	\$ 773,584	
Property taxes receivable	22,895	
Charges for service receivable	54,319	
Intergovernmental receivable	2,638,096	
Special assessments receivable	532,625	
Accrued interest receivable	82,585	
Total	4,104,104	4,104,104
Internal service funds are used by management to charge the costs of geographic information systems and loss to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.		3,397
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.		(3,920)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Net pension asset	21,338	
Deferred outflows of resources	1,854,546	
Deferred inflows of resources	(353,520)	
Net pension liability	(10,744,715)	
Total	(9,222,351)	(9,222,351)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(876,022)	
Capital lease payable	(12,524)	
General obligation bonds	(215,000)	
General obligation notes	(61,678)	
Special assessment bonds	(105,000)	
OPWC loans	(787,649)	
Total	(2,057,873)	(2,057,873)
Net position of governmental activities	\$	76,591,978

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

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

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>EMS A & B Life Services</u>
Revenues:				
Property taxes	\$ 1,798,011	\$ -	\$ 2,752,026	\$ 1,318,146
Sales taxes	7,722,451	545,818	-	-
Charges for services	1,806,594	190,415	234,570	768,712
Licenses and permits	2,838	-	-	-
Fines and forfeitures	307,158	68,790	-	-
Intergovernmental	927,246	4,061,679	1,668,945	166,599
Special assessments	-	-	-	-
Investment income	299,474	1,523	-	-
Rental income	155,287	-	-	-
Contributions and donations	3,688	-	8,465	707
Other	612,839	297,695	118,590	5,521
Total revenues	<u>13,635,586</u>	<u>5,165,920</u>	<u>4,782,596</u>	<u>2,259,685</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	4,391,097	-	-	-
Judicial	1,651,941	-	-	-
Public safety	3,353,881	-	-	3,034,368
Public works	13,365	4,764,772	-	-
Health	88,449	-	4,890,879	-
Human services	666,405	-	-	-
Economic development and assistance	-	-	-	-
Capital outlay	100,823	316,186	-	-
Intergovernmental	944,717	-	-	-
Other	5,707	-	-	-
Debt service:				
Principal retirement	2,141	105,294	-	-
Interest and fiscal charges	79	-	-	-
Total expenditures	<u>11,218,605</u>	<u>5,186,252</u>	<u>4,890,879</u>	<u>3,034,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,416,981</u>	<u>(20,332)</u>	<u>(108,283)</u>	<u>(774,683)</u>
Other financing sources (uses):				
Note issuance	-	-	-	-
Capital lease transaction	-	-	-	-
Transfers in	-	-	45,000	-
Transfers (out)	<u>(372,516)</u>	-	-	-
Total other financing sources (uses)	<u>(372,516)</u>	-	<u>45,000</u>	-
Net change in fund balances	2,044,465	(20,332)	(63,283)	(774,683)
Fund balances at beginning of year	<u>9,924,884</u>	<u>2,371,049</u>	<u>4,893,838</u>	<u>2,661,036</u>
Fund balances at end of year	<u>\$ 11,969,349</u>	<u>\$ 2,350,717</u>	<u>\$ 4,830,555</u>	<u>\$ 1,886,353</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,045,467	\$ 7,913,650
-	8,268,269
2,184,629	5,184,920
34,664	37,502
181,722	557,670
8,633,811	15,458,280
364,107	364,107
1,030	302,027
-	155,287
628	13,488
524,645	1,559,290
<u>13,970,703</u>	<u>39,814,490</u>

668,024	5,059,121
200,061	1,852,002
1,250,384	7,638,633
16,866	4,795,003
1,555,768	6,535,096
4,019,324	4,685,729
532,769	532,769
4,945,316	5,362,325
-	944,717
2,682	8,389
150,944	258,379
22,316	22,395
<u>13,364,454</u>	<u>37,694,558</u>

<u>606,249</u>	<u>2,119,932</u>
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157,255	157,255
14,731	14,731
347,406	392,406
(95,890)	(468,406)
<u>423,502</u>	<u>95,986</u>

1,029,751	2,215,918
10,768,736	30,619,543
<u>\$ 11,798,487</u>	<u>\$ 32,835,461</u>

FULTON COUNTY

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

Net change in fund balances - total governmental funds	\$	2,215,918
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 7,577,240	
Current year depreciation	<u>(3,780,332)</u>	
Total		3,796,908
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(98,404)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	46,263	
Property taxes	4,956	
Intergovernmental revenues	250,805	
Special assessments	34,095	
Investment income	41,040	
Charges for services	<u>(37,521)</u>	
Total		339,638
Proceeds of loans and leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(171,986)
Repayment of bond, loan, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		258,379
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		1,711
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,241,949
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,225,899)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		6,067
The internal service funds used by management to charge the costs of GIS and loss to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		<u>(24,545)</u>
Change in net position of governmental activities	\$	<u>6,339,736</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,515,584	\$ 1,735,584	\$ 1,741,289	\$ 5,705
Sales taxes	6,300,000	7,000,000	7,744,991	744,991
Charges for services.	1,562,055	1,338,055	1,502,701	164,646
Licenses and permits	1,600	1,600	2,788	1,188
Fines and forfeitures	295,550	295,550	307,723	12,173
Intergovernmental.	744,000	793,000	869,247	76,247
Investment income.	150,290	240,290	298,501	58,211
Rental income	110,000	110,000	155,287	45,287
Contributions and donations.	2,000	2,000	3,688	1,688
Other	456,630	456,630	527,670	71,040
Total revenues	<u>11,137,709</u>	<u>11,972,709</u>	<u>13,153,885</u>	<u>1,181,176</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	4,789,956	4,946,987	4,540,584	406,403
Judicial	1,697,297	1,762,351	1,540,705	221,646
Public safety	3,785,087	3,851,043	3,499,488	351,555
Public works	29,384	21,571	14,659	6,912
Health	94,784	94,784	88,449	6,335
Human services.	998,692	975,411	684,061	291,350
Intergovernmental.	1,002,841	1,001,277	940,802	60,475
Other	315,160	112,241	5,385	106,856
Capital outlay	77,000	126,153	113,587	12,566
Total expenditures	<u>12,790,201</u>	<u>12,891,818</u>	<u>11,427,720</u>	<u>1,464,098</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,652,492)</u>	<u>(919,109)</u>	<u>1,726,165</u>	<u>2,645,274</u>
Other financing sources (uses):				
Sale of capital assets.	10,000	10,000	26,755	16,755
Advances in and not repaid	-	-	6,519	6,519
Advances (out).	-	(170,311)	(170,311)	-
Transfers (out).	-	(407,516)	(407,516)	-
Total other financing sources (uses).	<u>10,000</u>	<u>(567,827)</u>	<u>(544,553)</u>	<u>23,274</u>
Net change in fund balance	(1,642,492)	(1,486,936)	1,181,612	2,668,548
Fund balance at beginning of year	4,947,009	4,947,009	4,947,009	-
Prior year encumbrances appropriated	167,613	167,613	167,613	-
Fund balance at end of year	<u>\$ 3,472,130</u>	<u>\$ 3,627,686</u>	<u>\$ 6,296,234</u>	<u>\$ 2,668,548</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 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 taxes	\$ 520,000	\$ 520,000	\$ 544,070	\$ 24,070
Charges for services.	-	-	190,415	190,415
Fines and forfeitures	52,600	52,600	68,424	15,824
Intergovernmental.	3,930,000	3,930,000	4,074,933	144,933
Investment income.	4,000	4,000	1,523	(2,477)
Other	193,400	193,400	236,189	42,789
Total revenues	<u>4,700,000</u>	<u>4,700,000</u>	<u>5,115,554</u>	<u>415,554</u>
Expenditures:				
Current:				
Public works	4,541,966	5,825,276	5,025,658	799,618
Capital outlay	254,393	439,299	433,324	5,975
Debt service:				
Principal retirement.	110,000	110,000	105,296	4,704
Total expenditures	<u>4,906,359</u>	<u>6,374,575</u>	<u>5,564,278</u>	<u>810,297</u>
Net change in fund balance	(206,359)	(1,674,575)	(448,724)	1,225,851
Fund balance at beginning of year	1,531,420	1,531,420	1,531,420	-
Prior year encumbrances appropriated . . .	215,359	215,359	215,359	-
Fund balance at end of year	<u>\$ 1,540,420</u>	<u>\$ 72,204</u>	<u>\$ 1,298,055</u>	<u>\$ 1,225,851</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 2,720,000	\$ 2,720,000	\$ 2,763,993	\$ 43,993
Charges for services	147,000	147,000	197,022	50,022
Intergovernmental	1,805,000	1,733,000	1,556,583	(176,417)
Contributions and donations	500	500	8,465	7,965
Other	43,000	39,000	117,679	78,679
Total revenues	4,715,500	4,639,500	4,643,742	4,242
Expenditures:				
Current:				
Health	5,644,992	5,668,364	5,193,188	475,176
Capital outlay	75,000	-	-	-
Total expenditures	5,719,992	5,668,364	5,193,188	475,176
Excess of expenditures over revenues	(1,004,492)	(1,028,864)	(549,446)	479,418
Other financing sources:				
Transfers in	45,000	45,000	45,000	-
Total other financing sources	45,000	45,000	45,000	-
Net change in fund balance	(959,492)	(983,864)	(504,446)	479,418
Fund balance at beginning of year	4,677,964	4,677,964	4,677,964	-
Prior year encumbrances appropriated . . .	101,292	101,292	101,292	-
Fund balance at end of year	\$ 3,819,764	\$ 3,795,392	\$ 4,274,810	\$ 479,418

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMS ADVANCED AND BASIC LIFE SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,307,000	\$ 1,323,000	\$ 1,323,132	\$ 132
Charges for services.	400,000	630,000	783,981	153,981
Intergovernmental.	176,000	167,000	166,599	(401)
Other	4,400	4,400	6,228	1,828
Total revenues	1,887,400	2,124,400	2,279,940	155,540
Expenditures:				
Current:				
Public safety	2,919,452	3,383,724	3,244,012	139,712
Total expenditures	2,919,452	3,383,724	3,244,012	139,712
Net change in fund balance	(1,032,052)	(1,259,324)	(964,072)	295,252
Fund balance at beginning of year	2,568,322	2,568,322	2,568,322	-
Prior year encumbrances appropriated . . .	89,438	89,438	89,438	-
Fund balance at end of year	\$ 1,625,708	\$ 1,398,436	\$ 1,693,688	\$ 295,252

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 2,013,643	\$ 510,437	\$ 64,656	\$ 2,588,736	\$ 166,631
Cash with fiscal and escrow agents	-	-	3,093	3,093	-
Receivables:					
Accounts	294,377	16,830	4,319	315,526	-
Special assessments	33,278	340,197	-	373,475	-
Materials and supplies inventory	4,221	-	-	4,221	168
Prepayments	1,928	605	1,008	3,541	13,567
Total current assets	<u>2,347,447</u>	<u>868,069</u>	<u>73,076</u>	<u>3,288,592</u>	<u>180,366</u>
Noncurrent assets:					
Net pension asset	195	195	72	462	426
Capital assets:					
Depreciable capital assets, net	16,237,296	5,149,296	48,324	21,434,916	6,722
Total noncurrent assets	<u>16,237,491</u>	<u>5,149,491</u>	<u>48,396</u>	<u>21,435,378</u>	<u>7,148</u>
Total assets	<u>18,584,938</u>	<u>6,017,560</u>	<u>121,472</u>	<u>24,723,970</u>	<u>187,514</u>
Deferred outflows of resources:					
Pension-OPERS	<u>16,313</u>	<u>16,313</u>	<u>5,991</u>	<u>38,617</u>	<u>35,664</u>
Liabilities:					
Current liabilities:					
Accounts payable	4,943	2,309	15,969	23,221	753
Contracts payable	15,142	-	-	15,142	-
Accrued wages and benefits	1,668	1,668	508	3,844	3,521
Due to other funds	927	667	102	1,696	-
Due to other governments	949	948	380	2,277	2,177
Interfund loans payable	165,000	-	-	165,000	-
Accrued interest payable	88	760	-	848	-
Compensated absences payable - current	17,505	17,505	-	35,010	8,295
Special assessment bonds payable	610	42,242	-	42,852	-
OWDA loans payable	66,216	12,188	-	78,404	-
Other loans payable	16,653	-	-	16,653	-
Total current liabilities	<u>289,701</u>	<u>78,287</u>	<u>16,959</u>	<u>384,947</u>	<u>14,746</u>
Long-term liabilities:					
Compensated absences payable	5,663	5,663	-	11,326	4,010
Special assessment bonds payable	9,996	147,607	-	157,603	-
OWDA loans payable	1,688,511	150,505	-	1,839,016	-
Other loans payable	133,645	-	-	133,645	-
Net pension liability	90,305	90,305	33,171	213,781	197,427
Total long-term liabilities	<u>1,928,120</u>	<u>394,080</u>	<u>33,171</u>	<u>2,355,371</u>	<u>201,437</u>
Total liabilities	<u>2,217,821</u>	<u>472,367</u>	<u>50,130</u>	<u>2,740,318</u>	<u>216,183</u>
Deferred inflows of resources:					
Pension-OPERS	<u>1,646</u>	<u>1,646</u>	<u>605</u>	<u>3,897</u>	<u>3,598</u>
Net position:					
Net investment in capital assets	14,321,666	4,919,877	48,324	19,289,867	6,722
Unrestricted (deficit)	2,060,118	639,983	28,404	2,728,505	(3,325)
Total net position	<u>\$ 16,381,784</u>	<u>\$ 5,559,860</u>	<u>\$ 76,728</u>	<u>\$ 22,018,372</u>	<u>\$ 3,397</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Operating revenues:					
Charges for services	\$ 3,769,760	\$ 333,741	\$ 219,830	\$ 4,323,331	\$ 450,589
Tap-in fees.	1,538	1,538	-	3,076	-
Other operating revenues	36,409	56,955	-	93,364	2,089
Total operating revenues.	<u>3,807,707</u>	<u>392,234</u>	<u>219,830</u>	<u>4,419,771</u>	<u>452,678</u>
Operating expenses:					
Personal services	140,428	140,427	41,496	322,351	291,077
Contract services.	3,341,755	228,387	174,222	3,744,364	-
Materials and supplies.	11,064	9,699	7,122	27,885	177,510
Administrative costs.	13,848	14,428	-	28,276	6,108
Depreciation.	487,470	167,505	4,153	659,128	2,923
Other	105,788	3,755	4,833	114,376	605
Total operating expenses.	<u>4,100,353</u>	<u>564,201</u>	<u>231,826</u>	<u>4,896,380</u>	<u>478,223</u>
Operating loss	<u>(292,646)</u>	<u>(171,967)</u>	<u>(11,996)</u>	<u>(476,609)</u>	<u>(25,545)</u>
Nonoperating expenses:					
Interest and fiscal charges	<u>(6,288)</u>	<u>(12,038)</u>	<u>-</u>	<u>(18,326)</u>	<u>-</u>
Total nonoperating expenses.	<u>(6,288)</u>	<u>(12,038)</u>	<u>-</u>	<u>(18,326)</u>	<u>-</u>
Loss before transfers	(298,934)	(184,005)	(11,996)	(494,935)	(25,545)
Transfer in	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>1,000</u>
Change in net position	(298,934)	(184,005)	63,004	(419,935)	(24,545)
Net position at beginning of year (restated) . .	<u>16,680,718</u>	<u>5,743,865</u>	<u>13,724</u>	<u>22,438,307</u>	<u>27,942</u>
Net position at end of year	<u>\$ 16,381,784</u>	<u>\$ 5,559,860</u>	<u>\$ 76,728</u>	<u>22,018,372</u>	<u>\$ 3,397</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:					
Cash received from tap-in fees	\$ 1,538	\$ 1,538	\$ -	\$ 3,076	\$ -
Cash received from charges for services	3,734,244	332,551	219,563	4,286,358	450,589
Cash received from other operations	38,849	56,955	-	95,804	2,089
Cash payments for personal services	(142,850)	(142,850)	(43,376)	(329,076)	(298,150)
Cash payments for contractual services	(3,337,307)	(231,612)	(170,201)	(3,739,120)	-
Cash payments for materials and supplies	(10,720)	(9,605)	(7,109)	(27,434)	(179,800)
Cash payments for administrative costs	(13,601)	(14,181)	-	(27,782)	(6,108)
Cash payments for other expenses	(117,967)	(2,644)	(4,814)	(125,425)	(630)
Net cash provided (used in) by operating activities	152,186	(9,848)	(5,937)	136,401	(32,010)
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	75,000	75,000	1,000
Cash received from special assessments	-	41,827	-	41,827	-
Cash received from interfund loans	165,000	-	-	165,000	-
Net cash provided by noncapital financing activities	165,000	41,827	75,000	281,827	1,000
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	-	(35,599)	(35,599)	-
Principal retirement on bonds	(553)	(41,897)	-	(42,450)	-
Principal retirement on loans	(82,318)	(12,189)	-	(94,507)	-
Interest and fiscal charges	(6,293)	(12,205)	-	(18,498)	-
Net cash used in capital and related financing activities	(89,164)	(66,291)	(35,599)	(191,054)	-
Net increase (decrease) in cash and investments	228,022	(34,312)	33,464	227,174	(31,010)
Cash and investments at beginning of year	1,785,621	544,749	34,285	2,364,655	197,641
Cash and investments at end of year	\$ 2,013,643	\$ 510,437	\$ 67,749	\$ 2,591,829	\$ 166,631

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FULTON COUNTY

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

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Reconciliation of operating loss to net cash provided (used in) by operating activities:					
Operating loss	\$ (292,646)	\$ (171,967)	\$ (11,996)	\$ (476,609)	\$ (25,545)
Adjustments:					
Depreciation.	487,470	167,505	4,153	659,128	2,923
Changes in assets and liabilities:					
Increase in materials and supplies inventory	(25)	-	-	(25)	(15)
Decrease (increase) in accounts receivable.	(17,959)	17,813	(267)	(413)	-
Increase in special assessment receivable.	(15,117)	-	-	(15,117)	-
Increase in net pension asset.	(142)	(142)	(52)	(336)	(310)
Increase in deferred outflows - pension - OPERS	(4,595)	(4,595)	(1,687)	(10,877)	(10,046)
Decrease (increase) in prepayments	(37)	(37)	13	(61)	296
Increase (decrease) in accounts payable	(22,140)	(20,399)	4,008	(38,531)	(2,573)
Increase in contracts payable.	15,142	-	-	15,142	-
Decrease in accrued wages and benefits	(3,286)	(3,286)	(946)	(7,518)	(7,446)
Decrease in intergovernmental payable.	(1,122)	(1,123)	(482)	(2,727)	(2,455)
Increase in net pension liability.	2,040	2,040	749	4,829	4,460
Increase in deferred inflows - pension - OPERS.	1,646	1,646	605	3,897	3,598
Increase (decrease) in compensated absences payable.	3,019	3,019	(67)	5,971	5,103
Increase (decrease) in due to other funds	(62)	(322)	32	(352)	-
Net cash provided (used in) by operating activities	<u>\$ 152,186</u>	<u>\$ (9,848)</u>	<u>\$ (5,937)</u>	<u>\$ 136,401</u>	<u>\$ (32,010)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2015

	Agency
Assets:	
Equity in pooled cash	
and investments	\$ 6,679,136
Cash in segregated accounts.	448,524
Receivables:	
Real estate and other taxes.	42,979,575
Due from other governments.	1,648,453
Special assessments.	4,237,064
Deferred special assessments.	1,263,107
Total assets	\$ 57,255,859
Liabilities:	
Deposits held and due to others.	\$ 7,127,660
Due to other governments.	48,865,092
Deferred loan payments.	1,263,107
Total liabilities	\$ 57,255,859

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

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

NOTE 1 - DESCRIPTION OF THE COUNTY

Fulton County, Ohio (the "County") was created in 1850. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, common pleas court judge, a probate court judge and two county municipal court judges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and 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 component units for which the 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 the 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.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

FULTON COUNTY

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

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

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County treasury are included in the agency funds.

Fulton County Board of Health - The five member Board of Health is appointed by the District Advisory Council, which is comprised of township trustee chairmen and clerks and mayors of participating municipalities. The Board of Health adopts its own budget and operates autonomously from the County.

Soil and Water Conservation District - The five members of the District are independently elected officials. They adopt their own budget and operate autonomously from the County.

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization - The County is a member of the Maumee Valley Planning Organization (MVPO) which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2015, the County paid per capita charges of \$2,989 to MVPO.

FULTON COUNTY

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

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

JOINT VENTURES WITHOUT EQUITY INTEREST

Corrections Center of Northwest Ohio - The County is a member of Northwest Ohio's Multicounty - Municipal Correctional Center (CCNO), which is a joint venture between Defiance, Fulton, Henry, Lucas and Williams counties and the City of Toledo. The purpose of the CCNO is to provide additional jail space for convicted criminals in the five counties and City of Toledo and to provide a correctional center for the inmates. The CCNO joint venture was created in 1986, construction was finished and occupancy was taken December 31, 1996.

The CCNO is governed by a commission team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2015 were \$1,452,103. Complete financial statements for the CCNO can be obtained from the CCNO's administrative office on County Road 24 in Stryker, Ohio.

The Multi-Area Task Force (Task Force) is a joint venture among Defiance, Williams, Fulton, and Putnam counties and Defiance and Bryan City. The Task Force is jointly controlled by the chief law enforcement officer of each respective entity. The main source of revenue for the Task Force is from federal grants and local matching funds from the entities. The County has no ongoing financial interest or responsibility for the Task Force. In 2015, the County contributed \$0 to the Task Force's operations. Information can be obtained from the Defiance County Sheriff's Office, 113 Beide Street, Defiance, Ohio 43512.

Regional Planning Commission - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Fulton County Regional Planning Commission (the "Commission"). The Commission's duties are to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, services, and other aspects of the County.

The entities within the Commission pay an annual assessment to the Commission based on census figures. The County's assessments are a match to the total assessment on the members. The financial statements of the Commission can be reviewed at the Fulton County Courthouse, Wauseon.

Quadco Rehabilitation Center - The County is a participant with Henry, Defiance, and Williams Counties in a joint venture to operate Quadco Rehabilitation Center, Administrative Board (Quadco). Quadco, a nonprofit corporation, provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization.

FULTON COUNTY

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

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

Quadco is governed by an eight member Board composed of two appointees made by each of the four County Boards of Developmental Disabilities (County Boards of DD). This Board in conjunction with the County Boards of DD assesses the need of the adult developmentally disabled residents in each County and sets priorities based on available funds. The County provides subsidies to Quadco based on units of service provided to it. For the year ended December 31, 2015 the County remitted \$3,835 to Quadco to supplement its operations.

The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. On dissolution of Quadco, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Quadco's administrative office at 427 N. Fulton Street, Stryker, Ohio.

Four County Solid Waste District - The County is a member of the Four County Solid Waste District (District), which is a joint venture between Fulton, Defiance, Paulding, and Williams counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989.

The District is governed and operated through a twelve member Board of Directors, comprised of three commissioners from each county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste.

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2015. Grant monies received by the County from the District are reported in a special revenue fund.

Community Improvement Corporation of Fulton County - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Community Improvement Corporation (CIC) of Fulton County. The CIC's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the County and the surrounding territory.

The CIC is governed by a board of twenty-three trustees. Four of these trustees are elected and appointed officials of Fulton County, with the remaining trustees consisting of officials from the various municipalities, townships and villages represented, as well as four at-large members from local businesses which have an interest in economic development. The County's degree of control over the board is limited to its representation on the board.

Northwest Ohio Juvenile Detention, Training, and Rehabilitation District - The County is a participant with Defiance, Henry, and Williams Counties in a joint venture to operate the Northwest Juvenile Detention, Training, and Rehabilitation District (NWOJDD), established to operate both detention and training and rehabilitation facilities for juveniles.

FULTON COUNTY

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

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

NWOJDD is governed and operated by a thirteen member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted \$225,924 to NWOJDD in 2015.

Four County Board of Alcohol, Drug Addiction and Mental Health Services - The Four County Board of Alcohol, Drug Addiction and Mental Health Services (the "Board") is a joint venture between Fulton, Defiance, Henry, and Williams Counties. The purpose of this board is to provide alcohol, drug addiction, and mental health services to individuals in the four counties.

The Four County Board is governed by a Board consisting of eighteen members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services and by the Ohio Department of Mental Health, three each are appointed by the Defiance and Fulton County Commissioners, and two each are appointed by the Henry and Williams County Commissioners.

The main sources of revenue of the Board are State and federal grants, and a property tax levy covering the entire four county areas. Outside agencies are contracted by the Board to provide services for the Board. The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. The County does have indirect access to the net resources of the Board. In the event the County withdrew from the Board it would be entitled to a share of the state and federal grants that is currently being received by the Board. This access to net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for the Board can be obtained from the Board at its offices located at State Route 66 at State Route 34, Archbold, Ohio.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

FULTON COUNTY

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

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

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance. The following are the County's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax - This fund accounts for revenues derived from motor vehicle licenses, and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

County Board of Developmental Disabilities (County Board of DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

EMS Advanced and Basic Life Services - This fund accounts for a property tax levy, charges for services and cost of services related to the emergency medical services provided by the County.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FULTON COUNTY

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

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

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise funds:

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are financed primarily through user charges.

Water - This fund accounts for revenues and expenses associated with water services provided from the County to individual and commercial users. The costs of providing these services are financed primarily through user charges.

The other enterprise funds of the County are used to account for the solid waste incinerator and recycling activities. These funds are nonmajor funds whose activities have been aggregated and presented in a single column in the BFS.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds primarily account for geographic information systems services provided to various departments of the County.

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 therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and for forfeitures collected and distributed to other political subdivisions.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the County are included on the statement of net position.

FULTON COUNTY

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

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

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, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary funds.

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 all other nonexchange transactions must also be available before it can be recognized.

FULTON COUNTY

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 have been reported for the following items related to the County's net pension liability: (1) the net difference between projected and actual investment earnings on pension plan assets, (2) the County's contributions to the pension systems subsequent to the measurement date and (3) differences between employer's contributions and the employer's proportional share of contributions.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, 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 of resources on both the government-wide statement of net position and the 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, but is not limited to, delinquent property taxes, sales taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The County also reports deferred inflow of resources for the following items related to the County's net pension liability: (1) differences between expected and actual experience and (2) differences between employer's contributions and the employer's proportional share of contributions. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expense/Expenditures - On the full 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.

FULTON COUNTY

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate of estimated resources issued during 2015.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2015 are included in the original and final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not re-appropriated.

FULTON COUNTY

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

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

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During 2015, investments were limited to federal agency securities, negotiable certificates of deposit, nonnegotiable certificates of deposit and U.S. Government money market mutual funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2015 amounted to \$299,474 which includes \$227,038 assigned from other County funds.

The County has segregated bank accounts for monies held separately from the County's central bank account. These depository accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by nonspendable balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

FULTON COUNTY

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$2,500. The County’s infrastructure consists of roads, bridges, culverts and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10 - 20 years	-
Buildings and improvements	20 - 40 years	20 - 40 years
Machinery and equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 20 years	5 years
Sewer lines/water lines	-	50 years
Infrastructure	20 - 50 years	20 - 50 years

Interest is capitalized on proprietary fund capital assets acquired with tax-exempt debt. The County’s policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2015, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method.

FULTON COUNTY

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2015, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

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.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance classification in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

L. 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 and judgments, compensated absences and special termination benefits 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, notes, capital leases and long-term loans are recognized as a liability in the fund financial statements when due.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

FULTON COUNTY

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

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” for long-term loans and “interfund loans receivable/ payable” for short-term loans. All other outstanding balances outstanding between funds are reported as “due to/from other funds.” These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the governmental fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

N. Fund Balance

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

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

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

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

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

FULTON COUNTY

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

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

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the water, sewer, solid waste incinerator, recycling and geographic information systems programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2015, the proprietary funds received no contributions.

Q. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position component "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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2015, there was no net position restricted by enabling legislation.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2015.

FULTON COUNTY

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

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

S. Estimates

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

T. 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 of the pension plans and additions to/deductions from their 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For 2015, the County implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the County's pension plan disclosures, as presented in Note 15 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities and business-type activities at January 1, 2015 have been restated as follows:

FULTON COUNTY

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

	<u>Governmental Activities</u>	<u>Internal Service</u>
Net position as previously reported	\$ 79,657,876	\$ 195,175
Net pension asset	5,931	116
Deferred outflows - payments subsequent to measurement date	1,333,574	25,618
Net pension liability	(10,607,178)	(192,967)
Deferred inflows	<u>(137,961)</u>	<u>-</u>
Restated net position at January 1, 2015	<u>\$ 70,252,242</u>	<u>\$ 27,942</u>

	<u>Business-Type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>
Net position as previously reported	\$ 22,619,393	\$ 16,757,212	\$ 5,820,359	\$ 41,822
Net pension asset	126	53	53	20
Deferred outflows - payments subsequent to measurement date	27,740	11,718	11,718	4,304
Net pension liability	<u>(208,952)</u>	<u>(88,265)</u>	<u>(88,265)</u>	<u>(32,422)</u>
Restated net position at January 1, 2015	<u>\$ 22,438,307</u>	<u>\$ 16,680,718</u>	<u>\$ 5,743,865</u>	<u>\$ 13,724</u>

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on governmental fund balances.

B. Deficit Fund Balances

Fund balances at December 31, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Ditch bond retirement	\$ 16,935

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

FULTON COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

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

FULTON COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the County Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, the County had \$503,160 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

B. Deposits with Financial Institutions

At December 31, 2015, the carrying amount of all County deposits was \$21,008,980. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, \$9,673,310 of the County's bank balance of \$21,228,878 was exposed to custodial risk as discussed below, while \$11,522,803 was covered by the FDIC. \$32,765 was uninsured and not covered by collateral.

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

The County has no deposit policy for custodial credit 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% of the deposits being secured.

FULTON COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2015, the County had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLMC	\$ 6,965,473	\$ -	\$ -	\$ -	\$ -	\$ 6,965,473
FHLB	1,003,020	-	-	-	-	1,003,020
FFCB	1,739,743	-	-	-	-	1,739,743
FNMA	3,785,328	-	-	-	-	3,785,328
Negotiable CD's	5,558,536	-	2,594,872	-	989,550	1,974,114
U.S. Government money market	8,601	8,601	-	-	-	-
Total	<u>\$ 19,060,701</u>	<u>\$ 8,601</u>	<u>\$ 2,594,872</u>	<u>\$ -</u>	<u>\$ 989,550</u>	<u>\$ 15,467,678</u>

The weighted average maturity of investments is 3.25 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The U.S. Government money market funds carry a rating of AAAM by Standard & Poor's. The County's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investments in negotiable certificates of deposit were not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured and unregistered. The County has no investment policy dealing with investments custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2015:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLMC	\$ 6,965,473	36.54%
FHLB	1,003,020	5.26%
FFCB	1,739,743	9.13%
FNMA	3,785,328	19.86%
Negotiable CD's	5,558,536	29.16%
U.S. Government money market	8,601	0.05%
Total	<u>\$ 19,060,701</u>	<u>100.00%</u>

FULTON COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 21,008,980
Investments	<u>19,060,701</u>
 Total	 <u>\$ 40,069,681</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 30,350,192
Business-type activities	2,591,829
Agency funds	<u>7,127,660</u>
 Total	 <u>\$ 40,069,681</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	\$ 296,516
Nonmajor governmental funds	50,890
 <u>Transfers to County Board of DD fund from:</u>	
Nonmajor governmental funds	45,000
 <u>Transfers to internal service funds from:</u>	
General fund	1,000
 <u>Transfers to nonmajor enterprise funds from:</u>	
General fund	<u>75,000</u>
 Total transfers	 <u>\$ 468,406</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the statement of activities.

FULTON COUNTY

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Long-term advances to and from other funds at December 31, 2015, consisted of the following, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 40,473

The balance in the general fund represents amounts due from other funds that are not expected to be repaid within the next fiscal year.

Long-term advances between governmental funds are eliminated on the statement of net position.

- C.** Due to/from other funds consisted of the following at December 31, 2015, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Motor vehicle tax	\$ 123
General	EMS A&B life services	391
General	Nonmajor governmental funds	23,446
General	Water	927
General	Sewer	667
General	Nonmajor enterprise funds	102
Nonmajor governmental funds	Nonmajor governmental funds	40,612
Nonmajor governmental funds	General	41,510
Total due to/from other funds		<u>\$ 107,778</u>

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the statement of net position.

- D.** Interfund loans receivable/payable consisted of the following at December 31, 2015 as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 5,311
General fund	Water fund	165,000
Total		<u>\$ 170,311</u>

Interfund loans between governmental funds are eliminated on the statement of net position.

FULTON COUNTY

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all County operations for the year ended December 31, 2015 was \$10.80 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:

<u>Real property</u>	
Residential/agricultural	\$ 821,933,940
Commercial/industrial/mineral	135,746,580
<u>Public utility</u>	
Real	510,230
Personal	45,672,060
Total assessed value	<u>\$ 1,003,862,810</u>

FULTON COUNTY

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

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners by resolution imposed a 0.5% tax on all retail sales made in the County, including sales of motor vehicles, and on storage, use, or consumption in the County of tangible personal property, including automobiles not subject to the sales tax. In 1987, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.0%. In 2009, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.5%.

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 Office of Budget and Management the amount of the taxes to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent they are intended to finance the 2015 operations. Sales tax revenue for 2015 amounted to \$8,268,269.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2015, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2015.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Sales taxes	\$	2,030,441
Property taxes		7,687,711
Accounts		333,939
Due from other governments		4,798,051
Special assessments		532,625
Accrued interest		135,753

Business-type activities:

Accounts		315,526
Special assessments		373,475

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the special assessments which are collected over the life of the assessment.

FULTON COUNTY

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

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2015 is as follows:

	Balance at 12/31/2014	Issued/ Additions	Payments/ Reductions	Balance at 12/31/2015
Revolving loans	\$ 261,483	\$ 11,250	\$ (15,494)	\$ 257,239
Allowance for doubtful accounts	<u>(137,035)</u>	<u>-</u>	<u>-</u>	<u>(137,035)</u>
Revolving loans, net	<u>\$ 124,448</u>	<u>\$ 11,250</u>	<u>\$ (15,494)</u>	<u>\$ 120,204</u>

The loans are reported in the nonmajor governmental funds.

NOTE 10 - CAPITAL ASSETS

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

	Balance 12/31/14	Additions	Deductions	Balance 12/31/15
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,011,931	\$ -	\$ -	\$ 1,011,931
Construction in progress	<u>1,275,187</u>	<u>289,761</u>	<u>-</u>	<u>1,564,948</u>
Total capital assets not being depreciated	<u>2,287,118</u>	<u>289,761</u>	<u>-</u>	<u>2,576,879</u>
<i>Capital assets being depreciated:</i>				
Land improvements	4,066,517	118,574	-	4,185,091
Buildings and improvements	24,362,055	762,097	(6,666)	25,117,486
Machinery and equipment	6,608,269	301,594	(59,610)	6,850,253
Vehicles	5,850,647	612,019	(140,996)	6,321,670
Infrastructure	<u>52,331,083</u>	<u>5,493,195</u>	<u>-</u>	<u>57,824,278</u>
Total capital assets being depreciated	<u>93,218,571</u>	<u>7,287,479</u>	<u>(207,272)</u>	<u>100,298,778</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,404,455)	(111,289)	-	(3,515,744)
Buildings and improvements	(10,252,283)	(681,712)	2,833	(10,931,162)
Machinery and equipment	(4,143,187)	(460,703)	31,172	(4,572,718)
Vehicles	(2,517,222)	(426,119)	74,863	(2,868,478)
Infrastructure	<u>(27,944,241)</u>	<u>(2,103,432)</u>	<u>-</u>	<u>(30,047,673)</u>
Total accumulated depreciation	<u>(48,261,388)</u>	<u>(3,783,255)</u>	<u>108,868</u>	<u>(51,935,775)</u>
Total capital assets being depreciated, net	<u>44,957,183</u>	<u>3,504,224</u>	<u>(98,404)</u>	<u>48,363,003</u>
Governmental activities capital assets, net	<u>\$ 47,244,301</u>	<u>\$ 3,793,985</u>	<u>\$ (98,404)</u>	<u>\$ 50,939,882</u>

FULTON COUNTY

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

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital assets of the business-type activities for the year ended December 31, 2015, was as follows:

	<u>Balance</u> 12/31/14	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/15
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 69,416	\$ -	\$ -	\$ 69,416
Machinery and equipment	228,946	35,599	-	264,545
Vehicles	33,897	-	-	33,897
Waterlines/sewerlines	<u>32,658,084</u>	<u>-</u>	<u>-</u>	<u>32,658,084</u>
Total capital assets being depreciated	<u>32,990,343</u>	<u>35,599</u>	<u>-</u>	<u>33,025,942</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(53,796)	(1,735)	-	(55,531)
Machinery and equipment	(216,720)	(5,529)	-	(222,249)
Vehicles	(1,695)	(3,390)	-	(5,085)
Waterlines/sewerlines	<u>(10,659,687)</u>	<u>(648,474)</u>	<u>-</u>	<u>(11,308,161)</u>
Total accumulated depreciation	<u>(10,931,898)</u>	<u>(659,128)</u>	<u>-</u>	<u>(11,591,026)</u>
Total capital assets being depreciated, net	<u>\$ 22,058,445</u>	<u>\$ (623,529)</u>	<u>\$ -</u>	<u>\$ 21,434,916</u>

B. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Legislative and executive	\$ 434,459
Judicial	151,660
Public safety	264,431
Public works	2,422,538
Health	302,401
Human services	128,972
Economic development	6,492
Intergovernmental	69,379
Depreciation of internal service fund capital assets	<u>2,923</u>
Total depreciation expense - governmental activities	<u>\$ 3,783,255</u>
Business-type activities:	
Water	\$ 487,470
Sewer	167,505
Nonmajor	<u>4,153</u>
Total depreciation expense - business-type activities	<u>\$ 659,128</u>

FULTON COUNTY

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

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In current and prior years, the County entered into capital lease agreements for the acquisition of office equipment and copier equipment. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of office equipment and copier equipment have been capitalized in the amount of \$14,731 and \$33,115, respectively. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2015 was \$1,473 and \$33,115, respectively, leaving a current book value of \$13,258. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments made in the 2015 totaled \$4,348, and \$652, respectively.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2015:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 3,336
2017	3,336
2018	3,336
2019	3,336
2020	<u>556</u>
Total future minimum lease payments	13,900
Less: amount representing interest	<u>(1,376)</u>
Present value of net minimum lease payments	<u>\$ 12,524</u>

NOTE 12 - COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard workweek. Current policies credit vacation leave on a pay period basis except for new employees who are required to complete one year of service prior to their accrual becoming available. Employees, per department policy, may also accrue compensatory time for hours worked in excess of regular work week. County employees are paid for earned, unused vacation leave upon termination of employment. Unused compensatory time may, depending on departmental policy, be paid at termination of service.

Upon retirement, all employees are paid their accumulated, unused sick leave per Ohio Revised Code Section 124.39(B). Each employee of the County with ten or more years of service with any Ohio local government or the State of Ohio is paid 25% of his or her accumulated unused sick leave, up to a maximum of 30 days upon retirement from the County, with the exception of the County Engineer Department highway workers who are paid 33% of the accumulated unused sick leave, up to maximum of 30 days upon retirement from the County.

FULTON COUNTY

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

NOTE 12 - COMPENSATED ABSENCES - (Continued)

At December 31, 2015, vested benefits for vacation leave for governmental activities employees totaled \$586,833 and vested benefits for sick leave totaled \$86,948. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. A current liability of \$1,764 is reported for governmental activities sick leave at December 31, 2015. For business-type activities, vested benefits for vacation leave totaled \$35,010 and vested benefits for sick leave totaled zero. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of \$214,546 for governmental activities employees and \$11,326 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

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FULTON COUNTY

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

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

During 2015, the following changes occurred in the County's governmental long-term obligations. The governmental long-term obligations have been restated as described in Note 3.

	Issue	Maturity	Restated			Balance	Amount Due
	Date	Date	Balance	Additions	Reductions	12/31/15	in One Year
			12/31/14				
Governmental activities:							
<u>Special assessment bonds:</u>							
Ditch Bond, Series 2014	05/08/14	12/01/20	\$ 125,000	\$ -	\$ (20,000)	\$ 105,000	\$ 20,000
Total special assessment bonds			<u>125,000</u>	<u>-</u>	<u>(20,000)</u>	<u>105,000</u>	<u>20,000</u>
<u>General obligation notes:</u>							
Fulton County							
solid waste building	01/10/03	12/01/17	90,415	-	(28,737)	61,678	30,116
Total general obligation notes			<u>90,415</u>	<u>-</u>	<u>(28,737)</u>	<u>61,678</u>	<u>30,116</u>
<u>General obligation bonds:</u>							
Various purposes	08/30/07	8/15/17	105,000	-	(35,000)	70,000	35,000
Various purposes	08/30/07	8/15/17	210,000	-	(65,000)	145,000	70,000
Total general obligation bonds			<u>315,000</u>	<u>-</u>	<u>(100,000)</u>	<u>215,000</u>	<u>105,000</u>
<u>OPWC loans payable:</u>							
Issue II Loan - Co Rd C Project	12/01/06	01/01/27	57,150	-	(4,762)	52,388	4,763
Issue II Loan - Co Rd 14 Project	12/01/06	01/01/27	49,602	-	(4,134)	45,468	4,133
Issue II Loan - Co Rd C Reconstruct.	01/01/07	01/01/28	16,250	-	(1,250)	15,000	1,250
Issue II Loan - Co Rd A Project	01/01/07	07/01/18	57,390	-	(16,397)	40,993	16,397
Issue II Loan - Rd 20 Resurfacing	12/01/09	07/01/19	61,027	-	(13,561)	47,466	13,562
Issue II Loan - County Rd B	10/22/10	01/01/21	167,431	-	(27,905)	139,526	27,905
Issue II Loan - Co Rd D Resurfacing	07/22/11	01/01/22	217,108	-	(31,015)	186,093	31,016
Issue II Loan - Bridge T64.9 replace	10/05/12	07/01/32	109,730	-	(6,270)	103,460	6,271
Issue II Loan - Bridge 26 D5 replace	09/15/15	01/01/36	-	157,255	-	157,255	7,863
Total OPWC Loans			<u>735,688</u>	<u>157,255</u>	<u>(105,294)</u>	<u>787,649</u>	<u>113,160</u>
<u>Other long-term obligations</u>							
Capital lease obligations			2,141	14,731	(4,348)	12,524	2,773
Net pension liability			10,607,178	334,964	-	10,942,142	-
Compensated absences			889,496	642,365	(641,770)	890,091	626,271
Total other long-term obligations			<u>11,498,815</u>	<u>992,060</u>	<u>(646,118)</u>	<u>11,844,757</u>	<u>629,044</u>
Total governmental activities							
long-term liabilities			<u>\$ 12,764,918</u>	<u>\$ 1,149,315</u>	<u>\$ (900,149)</u>	<u>\$ 13,014,084</u>	<u>\$ 897,320</u>

FULTON COUNTY

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Net pension liability: See Note 15 for more details.

Special assessment bonds: The special assessment bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners from nonmajor governmental funds.

General obligation bonds: On August 30, 2007 the County issued two general obligation bonds for various purposes in the amount of \$915,000. These bonds bear an interest rate of 4.05% and are supported by the full faith and credit of the County. Repayment will be made with tax levy revenues in the nonmajor governmental funds.

General obligation notes: The County issued general obligation notes on January 10, 2003, for the purpose of acquiring and improving a facility to be used as a solid waste/recycling transfer station and acquiring equipment for operation. The notes have been issued in three series - the first series for \$91,000 had an interest rate of 4.40% and matured December 1, 2007; the second series for \$115,000 has an interest rate of 4.65% and matured on December 1, 2012; and the third series for \$144,000 has an interest rate of 4.80% and matures on December 1, 2017. Payments are made from nonmajor governmental funds.

OPWC loans payable: The Ohio Public Works Commission (OPWC) loans were issued on December 1, 2006, January 1, 2007, July 24, 2008, June 22, 2009, October 22, 2010, July 22, 2011, October 5, 2012, and September 15, 2015 to provide for improvements to County Road C, County Road 14, County Road A, County Road 20, County Road B, County Road D, Bridge T64.9 and Bridge 26 D5. These loans bear no interest rate as long as the County remains current on its payments. The OPWC loan proceeds are recorded in a nonmajor governmental fund and OPWC loan payments are recorded in the motor vehicle and gas tax fund.

Capital lease obligation: The County has entered into capital lease obligations for the purchase of office and copier equipment. Principal payments on these obligations are reported in the general fund and in nonmajor governmental funds. The capital lease obligation is further described in Note 11.

Compensated absences: Compensated absences represent amounts for which the County could potentially be liable on eligible employees. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the funds from which the employees' salaries are paid, which are primarily the general, motor vehicle and gas tax, and County Board of DD funds. Compensated absences are further described in Note 12.

FULTON COUNTY

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the County's future annual debt service principal and interest requirements for general obligation bonds, special assessment bonds and OWDA loans:

Year Ending	OPWC Loans			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 113,160	\$ -	\$ 113,160	\$ 20,000	\$ 4,882	\$ 24,882
2017	113,157	-	113,157	20,000	3,953	23,953
2018	104,962	-	104,962	20,000	3,022	23,022
2019	89,980	-	89,980	20,000	2,093	22,093
2020	83,200	-	83,200	25,000	1,162	26,162
2021 - 2025	152,411	-	152,411	-	-	-
2026 - 2030	82,060	-	82,060	-	-	-
2031 - 2035	48,719	-	48,719	-	-	-
Total	<u>\$ 787,649</u>	<u>\$ -</u>	<u>\$ 787,649</u>	<u>\$ 105,000</u>	<u>\$ 15,112</u>	<u>\$ 120,112</u>

Year Ending	General Obligation Notes			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 30,116	\$ 2,961	\$ 33,077	\$ 105,000	\$ 7,695	\$ 112,695
2017	31,562	1,515	33,077	110,000	3,342	113,342
Total	<u>\$ 61,678</u>	<u>\$ 4,476</u>	<u>\$ 66,154</u>	<u>\$ 215,000</u>	<u>\$ 11,037</u>	<u>\$ 226,037</u>

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$23,381,570 at December 31, 2015 and the unvoted legal debt margin was \$10,038,628 at December 31, 2015.

FULTON COUNTY

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities

During 2015, the following changes occurred in the County's business-type long-term obligations. The business-type long-term obligations have been restated as described in Note 3.

	Issue Date	Maturity Date	Restated Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Amount Due in One Year
Business-type activities:							
<u>OWDA loans:</u>							
NE Fulton County Water Supply	2010	2042	\$ 1,820,943	\$ -	\$ (66,216)	\$ 1,754,727	\$ 66,216
Riviera Mobile Home Court sewer	2011	2031	28,022	-	(1,699)	26,323	1,698
Wastewater collection/treatment	2007	2028	146,860	-	(10,490)	136,370	10,490
Total OWDA loans			1,995,825	-	(78,405)	1,917,420	78,404
<u>Special assessment bonds:</u>							
Waterline extension assessment	6/15/06	6/15/26	11,159	-	(553)	10,606	610
Exit 3 sewer improvement	1/13/99	12/1/18	145,000	-	(35,000)	110,000	35,000
Industrial corridor sewer district	12/23/04	12/1/24	86,746	-	(6,897)	79,849	7,242
Total special assessment bonds			242,905	-	(42,450)	200,455	42,852
<u>Other long-term obligations:</u>							
Loan payable			166,400	-	(16,102)	150,298	16,653
Net pension liability			208,952	4,829	-	213,781	-
Compensated absences			40,365	14,198	(8,227)	46,336	35,010
Total other long-term obligations			415,717	19,027	(24,329)	410,415	51,663
Total business-type activities long-term liabilities			\$ 2,654,447	\$ 19,027	\$ (145,184)	\$ 2,528,290	\$ 172,919

Ohio Water Development Authority Loan - 2007 Issue: During 2007, the County entered into a loan agreement with the OWDA for wastewater collection and treatment. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on July 1, 2028.

Ohio Water Development Authority Loan - 2010 Issue: During 2010, the County entered into a loan agreement with the OWDA for the Northeast Fulton County Water Supply project. Repayment of this loan is funded through user charges in the water fund. This loan is interest free with final maturity on January 1, 2042.

Ohio Water Development Authority Loan - 2011 Issue: During 2011, the County entered into a loan agreement with the OWDA for the Riviera Mobile Home Court Sanitary Sewer. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on January 1, 2031. Since no capital assets were purchased with this loan, it is not included in the calculation of "net investment in capital assets" in the sewer fund.

FULTON COUNTY

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Special assessment bonds: On June 15, 2006, the County issued special assessment bonds which retired the bond anticipation note issued in 2005 for the waterline extension project. On December 23, 2004, the County issued special assessment bonds for the industrial corridor sewer project in the amount of \$140,000. Other special assessments issued in prior years include the Pettisville waterline and Exit 3 sewer improvement projects. These bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners in the sewer fund. A portion of the capital assets associated with the Exit 3 sewer improvement bond are no longer reported as capital assets of the County, therefore, 88% of the balance of this loan is excluded from the County's calculation of "net investment in capital assets" for the sewer fund.

Loan payable: During 2002, Fulton County entered into an agreement with the City of Wauseon as a subrecipient of an OWDA loan to construct the Tedrow waterline. Repayment of this loan will be funded by user charges collected by the County. The loan bears an interest rate of 3.39% and will mature on January 1, 2024.

The following is a summary of the future debt service requirements of the business-type special assessment bonds and loans:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 42,852	\$ 11,009	\$ 53,861	\$ 78,404	\$ -	\$ 78,404
2017	43,276	8,695	51,971	78,404	-	78,404
2018	48,724	6,339	55,063	78,405	-	78,405
2019	9,199	3,685	12,884	78,404	-	78,404
2020	9,701	3,182	12,883	78,405	-	78,405
2021 - 2025	45,917	7,276	53,193	392,021	-	392,021
2026 - 2030	786	39	825	371,042	-	371,042
2031 - 2035	-	-	-	331,930	-	331,930
2036 - 2040	-	-	-	331,081	-	331,081
2041 - 2042	-	-	-	99,324	-	99,324
Total	\$ 200,455	\$ 40,225	\$ 240,680	\$ 1,917,420	\$ -	\$ 1,917,420

<u>Year Ended</u>	<u>Loan Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 16,653	\$ 4,385	\$ 21,038
2017	17,222	3,881	21,103
2018	17,811	3,360	21,171
2019	18,420	2,821	21,241
2020	19,049	2,264	21,313
2021 - 2023	61,143	3,255	64,398
Total	\$ 150,298	\$ 19,966	\$ 170,264

FULTON COUNTY

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

D. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The County has received an advance to meet the portion of the cost of extension of waterlines to be financed by assessments from which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The Board of County Commissioners is responsible for collecting the assessments upon expiration of the maximum time for which the deferments were made or when the property no longer meets the exemption criteria. This money must be remitted to the Ohio Sewer and Water Rotary Commission within one year. If the money is not collected and remitted within one year, the County is responsible for paying interest from the general fund.

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of the County Risk Sharing Authority Inc. (CORSA), which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, law enforcement liability, crime and excess liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board.

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The County obtains employee health, dental and vision coverage through the County Employee Benefits Consortium of Ohio, Inc. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. County Employee Benefits Consortium of Ohio

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. In 2015, the County contributed a total of \$2,800,949 to the Consortium.

FULTON COUNTY

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

NOTE 14 - RISK MANAGEMENT - (Continued)

The business and affairs of the consortium are managed by a board of not less than nine of more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of member Counties and one third are employees of the member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the Board of Directors of the CCAO and another is required to be a Board Member of the County Risk Sharing Authority, Inc. (CORSA).

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset 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/asset 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/asset 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.

The 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 any net pension 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.

The proportionate share of each plan's unfunded benefits or overfunded 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 *due to other governments/pension obligation payable* on both the accrual and modified accrual bases of accounting.

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (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 Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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.

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

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

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

	State and Local	Law Enforcement
2015 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	12.0 %
 2015 Actual Contribution Rates		
Employer:		
Pension	12.0 %	14.1 %
Post-employment Health Care Benefits	2.0 %	4.0 %
 Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
 Employee	<u>10.0 %</u>	<u>12.1 %</u>

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The County's contractually required contribution for both the Traditional Pension Plan and the Combined Plan was \$1,273,902 for 2015. Of this amount, \$24,023 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - County licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For January 1, 2015 through June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. For July 1, 2015 through December 31, 2015, plan members were required to contribute 13 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2015 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$36,229 for 2015. Of this amount, \$533 is reported as an intergovernmental payable.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS total pension liability was measured as of June 30, 2015, 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 or asset 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:

	OPERS	STRS	Total
Proportionate share of the net pension liability	\$ 10,303,126	\$ 852,797	\$ 11,155,923
Proportionate share of the net pension asset	22,226	-	22,226
Proportion of the net pension liability	0.09716900%	0.03085700%	
Proportion of the net pension asset	0.06566000%	-	
Pension expense	\$ 1,154,032	\$ 117,925	\$ 1,271,957

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 44,261	\$ 44,261
Net difference between projected and actual earnings on pension plan investments	551,101	-	551,101
Difference between employer contributions and proportionate share of contributions	36,132	4,542	40,674
County contributions subsequent to the measurement date	<u>1,273,900</u>	<u>18,891</u>	<u>1,292,791</u>
Total deferred outflows of resources	<u>\$ 1,861,133</u>	<u>\$ 67,694</u>	<u>\$ 1,928,827</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 187,786	\$ -	\$ 187,786
Net difference between projected and actual earnings on pension plan investments	-	164,804	164,804
Difference between employer contributions and proportionate share of contributions	<u>-</u>	<u>8,425</u>	<u>8,425</u>
Total deferred inflows of resources	<u>\$ 187,786</u>	<u>\$ 173,229</u>	<u>\$ 361,015</u>

\$1,292,791 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/asset 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>OPERS</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:			
2016	\$ 70,122	\$ (39,280)	\$ 30,842
2017	70,122	(39,280)	30,842
2018	125,786	(39,282)	86,504
2019	136,969	(6,584)	130,385
2020	(807)	-	(807)
2021-2024	<u>(2,745)</u>	<u>-</u>	<u>(2,745)</u>
Total	<u>\$ 399,447</u>	<u>\$ (124,426)</u>	<u>\$ 275,021</u>

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS 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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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 equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan and the Combined Plan. 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.

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/asset 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/asset 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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 21,560,829	\$ 10,303,126	\$ 3,431,037
Combined Plan	\$ 3,283	\$ (22,226)	\$ (47,932)

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

FULTON COUNTY

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 1,184,600	\$ 852,797	\$ 572,209

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2015 was 2.00% for members in the state and local category and 4.00% for members in the public safety and law enforcement categories.

FULTON COUNTY

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

NOTE 16 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$205,203, \$236,307, and \$115,968, respectively; 98.38% has been contributed for 2015 and 100% has been contributed for 2014 and 2013. The remaining 2015 post-employment health care benefits liability has been reported as an intergovernmental payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. State Teachers Retirement System of Ohio

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS did not allocate any percentage of employer contributions to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2015, 2014 and 2013 were \$0, \$1,222 and \$2,400, respectively. The full amount has been contributed for 2015, 2014 and 2013.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, motor vehicle and gas tax fund, County Board of Developmental Disabilities (DD) fund and EMS Advance and Basic (A&B) Life Services fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

FULTON COUNTY

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General fund</u>	<u>Motor Vehicle Gas Tax</u>	<u>County Board of DD</u>	<u>EMS A&B Life Services</u>
Budget basis	\$ 1,181,612	\$ (448,724)	\$ (504,446)	\$ (964,072)
Net adjustment for revenue accruals	111,346	50,366	138,854	(20,255)
Net adjustment for expenditure accruals	229,042	199,160	117,566	151,013
Net adjustment for other sources/uses	137,037	-	-	-
Funds budgeted elsewhere	153,068	-	-	-
Adjustment for encumbrances	<u>232,360</u>	<u>178,866</u>	<u>184,743</u>	<u>58,631</u>
GAAP basis	<u>\$ 2,044,465</u>	<u>\$ (20,332)</u>	<u>\$ (63,283)</u>	<u>\$ (774,683)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the budget stabilization fund, the unclaimed hospital bond fund, the self insurance fund, unclaimed monies fund, the age 26-28 dependent fund, the title administration fund, the recorder equipment fund and rural fire protection fund.

FULTON COUNTY

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

NOTE 18 - 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 the terms of the grant. Based on prior experience, the County Commissioners believe such disallowance, if any, will be immaterial.

B. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of \$5,200,000 in 1995 and \$7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. In 2005, the special facility bonds were refunded and new bonds were issued in the amount of \$28,500,000. In 2011 the special facility bonds were refunded and new bonds were issued in the amount of \$28,755,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2015, \$25,970,000 was still outstanding.

NOTE 20 - FEDERAL TRANSACTIONS

The Fulton County Department of Job and Family Services distributes federal food stamps to entitled recipients within Fulton County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

FULTON COUNTY

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

NOTE 21 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Motor Vehicle Gas Tax	County Board of DD	EMS A & B Life Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 69,900	\$ 180,052	\$ 3,888	\$ -	\$ 54,058	\$ 307,898
Prepays	44,815	5,977	28,090	2,933	64,622	146,437
Advances to other funds	40,473	-	-	-	-	40,473
Unclaimed hospital bond	40,262	-	-	-	-	40,262
Unclaimed monies	50,340	-	-	-	-	50,340
Total nonspendable	245,790	186,029	31,978	2,933	118,680	585,410
Restricted:						
Debt service	-	-	-	-	8,279	8,279
Capital improvements	-	-	-	-	702,473	702,473
Public works	-	2,164,688	-	-	76,801	2,241,489
Real estate assessment	-	-	-	-	946,569	946,569
Economic development	-	-	-	-	432,821	432,821
Public safety	-	-	-	1,883,420	1,798,454	3,681,874
WIA	-	-	-	-	88,606	88,606
Health programs	-	-	4,798,577	-	1,169,033	5,967,610
Human service programs	-	-	-	-	2,912,729	2,912,729
County court computer services	-	-	-	-	327,877	327,877
County court special projects	-	-	-	-	766,457	766,457
Other purposes	-	-	-	-	644,861	644,861
Total restricted	-	2,164,688	4,798,577	1,883,420	9,874,960	18,721,645
Committed:						
Capital improvements	-	-	-	-	1,790,699	1,790,699
Total committed	-	-	-	-	1,790,699	1,790,699
Assigned:						
Debt service	-	-	-	-	85	85
Capital improvements	-	-	-	-	30,998	30,998
Legislative and executive	121,130	-	-	-	-	121,130
Subsequent year's appropriations	3,381,130	-	-	-	-	3,381,130
Stabilization	1,610,282	-	-	-	-	1,610,282
Other purposes	115,851	-	-	-	-	115,851
Total assigned	5,228,393	-	-	-	31,083	5,259,476
Unassigned (deficit)	6,495,166	-	-	-	(16,935)	6,478,231
Total fund balances	\$ 11,969,349	\$ 2,350,717	\$ 4,830,555	\$ 1,886,353	\$ 11,798,487	\$ 32,835,461

FULTON COUNTY

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

NOTE 22 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 223,001
Motor vehicle and gas tax	178,526
County Board of DD	167,917
EMS A&B life services	21,923
Nonmajor governmental	<u>1,063,437</u>
Total	<u>\$ 1,654,804</u>

REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>		
County's proportion of the net pension liability	0.097169%	0.097169%
County's proportionate share of the net pension liability	\$ 10,303,126	\$ 10,070,412
County's covered-employee payroll	\$ 10,901,087	\$ 11,735,615
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.51%	85.81%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.36%
<i>Combined Plan:</i>		
County's proportion of the net pension asset	0.065660%	0.065660%
County's proportionate share of the net pension asset	\$ 22,226	\$ 6,057
County's covered-employee payroll	\$ 240,013	\$ 180,815
County's proportionate share of the net pension asset as a percentage of its covered-employee payroll	9.26%	3.35%
Plan fiduciary net position as a percentage of the total pension asset	114.83%	104.56%

Note: Information prior to 2013 was unavailable.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO YEARS

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.00030857%	0.00306584%
County's proportionate share of the net pension liability	\$ 852,797	\$ 745,718
County's covered-employee payroll	\$ 235,614	\$ 240,023
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	361.95%	310.69%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%

Note: Information prior to 2014 was unavailable.

Amounts presented as of the County's measurement date which is as of June 30 of the respective year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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FULTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 1,246,869	\$ 1,308,130	\$ 1,525,630	\$ 1,150,880
Contributions in relation to the contractually required contribution	<u>(1,246,869)</u>	<u>(1,308,130)</u>	<u>(1,525,630)</u>	<u>(1,150,880)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 10,390,575	\$ 10,901,083	\$ 11,735,615	\$ 11,508,800
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	10.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 27,033	\$ 28,802	\$ 23,506	\$ 10,054
Contributions in relation to the contractually required contribution	<u>(27,033)</u>	<u>(28,802)</u>	<u>(23,506)</u>	<u>(10,054)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 225,275	\$ 240,017	\$ 180,815	\$ 126,465
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	7.95%

Note: Information prior to 2010 for the Combined Plan was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,172,960	\$ 1,003,449	\$ 954,696	\$ 819,610	\$ 855,794	\$ 908,086
<u>(1,172,960)</u>	<u>(1,003,449)</u>	<u>(954,696)</u>	<u>(819,610)</u>	<u>(855,794)</u>	<u>(908,086)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,729,600	\$ 11,253,634	\$ 11,750,105	\$ 11,708,714	\$ 10,249,030	\$ 9,870,500
10.00%	8.92%	8.13%	7.00%	8.35%	9.20%
\$ 6,306	\$ 12,275	\$ -	\$ -	\$ -	\$ -
<u>(6,306)</u>	<u>(12,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 79,321	\$ 126,721	\$ -	\$ -	\$ -	\$ -
7.95%	9.69%	8.13%	7.00%	8.35%	9.20%

FULTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 36,229	\$ 32,986	\$ 31,203	\$ 30,744
Contributions in relation to the contractually required contribution	<u>(36,229)</u>	<u>(32,986)</u>	<u>(31,203)</u>	<u>(30,744)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 258,779	\$ 253,738	\$ 240,023	\$ 236,492
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 30,773	\$ 29,830	\$ 29,259	\$ 29,017	\$ 29,708	\$ 29,932
<u>(30,773)</u>	<u>(29,830)</u>	<u>(29,259)</u>	<u>(29,017)</u>	<u>(29,708)</u>	<u>(29,932)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 236,715	\$ 229,462	\$ 225,069	\$ 223,208	\$ 228,523	\$ 230,246
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

FULTON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**FINANCIAL CONDITION
FULTON COUNTY**

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

FEDERAL GRANTOR	Federal	Pass Through		
<i>Pass-through Grantor</i>	CFDA	Entity Identifying	Passed Through	Total Federal
<u>Program / Cluster Title</u>	<u>Number</u>	<u>Number</u>	<u>to Subrecipients</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through the Ohio Department of Development Services Agency</i>				
Community Development Block Grants				
Formula Grants	14.228	B-F-14-1AX-1		\$ 20,000
Community Development Block Grant RLF	14.228			64,799
Total U.S. Department of Housing and Urban Development				84,799
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1415-11-5358 / G-1617-11-5512		44,471
Temporary Assistance for Needy Families	93.558	G-1415-11-5358 / G-1617-11-5512	\$ 47,544	452,842
Child Support Enforcement	93.563	G-1415-11-5358 / G-1617-11-5512		430,282
Child Care and Development Block Grant	93.575	G-1415-11-5358 / G-1617-11-5512		27,404
Child Abuse and Neglect Prevention Month	93.590	G-1415-11-5358 / G-1617-11-5512		2,225
Child Welfare Services	93.645	G-1415-11-5358 / G-1617-11-5512		45,151
Foster Care (Title IV-E)	93.658	G-1415-11-5358 / G-1617-11-5512		140,545
Adoption Assistance	93.659	G-1415-11-5358 / G-1617-11-5512		48,083
Social Services Block Grant (Title XX)	93.667	G-1415-11-5358 / G-1617-11-5512		361,486
Medicaid	93.778	G-1415-11-5358 / G-1617-11-5512		407,711
Chafee Foster Care Independence Program	93.674	G-1415-11-5358 / G-1617-11-5512		468
<i>Total passed through Ohio Department of Job and Family Services</i>			<u>47,544</u>	<u>1,960,668</u>
<i>Passed through Area Office of Aging</i>				
<u>Aging Cluster</u>				
Nutrition Incentive Program	93.053			12,350
Special Programs for the Aging - Title III Part C	93.045			47,662
Grants for Supportive Services and Senior Centers	93.044			45,397
<i>Total passed through Area Office of Aging</i>				<u>105,409</u>
<i>Passed through Ohio Department of Developmental Disabilities</i>				
Medicaid Assistance Program	93.778			59,186
Social Services Block Grant (Title XX)	93.667			21,507
<i>Total passed through Ohio Department of Developmental Disabilities</i>				<u>80,693</u>
Total Social Service Block Grant Program (CFDA 93.667)				382,993
Total Medicaid Assistance Program (CFDA 93.778)				466,897
Total U.S. Department of Health and Human Services			47,544	2,146,770
UNITED STATES DEPARTMENT OF LABOR				
<i>Passed through Area 7, Workforce Investment Board (Montgomery County)</i>				
<u>Workforce Investment Act Cluster</u>				
Workforce Investment Act - Adult	17.258	G-1415-11-5358 / G-1617-11-5512		70,823
Workforce Investment Act - Youth	17.259	G-1415-11-5358 / G-1617-11-5512	71,756	81,940
Workforce Investment Act - Dislocated Worker	17.278	G-1415-11-5358 / G-1617-11-5512		71,798
Total Workforce Investment Act Cluster			<u>71,756</u>	<u>224,561</u>
Total U.S. Department of Labor			71,756	224,561
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through Ohio Emergency Management Agency</i>				
Emergency Management Performance Grant-14	97.042	EMW-2014-EP-00064		18,222
Emergency Management Performance Grant-15	97.042	EMW-2015-EP-00034-S01		26,592
Total Emergency Management Performance Grant				<u>44,814</u>
FEMA Hazard Mitigation Grant	97.039	FEMA-DR-4077.7		7,047
Total U.S. Department of Homeland Security				51,861
UNITED STATES DEPARTMENT OF AGRICULTURE				
FOOD AND NUTRITION SERVICE				
State Admin Match Grant for Supplemental Nutrition Assistance Program	10.561	G-1415-11-5358 / G-1617-11-5512		<u>225,140</u>

**FINANCIAL CONDITION
FULTON COUNTY**

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

FEDERAL GRANTOR	Federal	Pass Through		Total Federal
<i>Pass-through Grantor</i>	CFDA	Entity Identifying	Passed Through	Expenditures
Program / Cluster Title	Number	Number	to Subrecipients	
UNITED STATES DEPARTMENT OF TRANSPORTATION				
<i>Federal Aviation Administration Direct Assistance</i>				
Airport Improvement Program - Vision 100	20.106	3-39-0087-012-2014		74,160
Airport Improvement Program - Vision 100	20.106	3-39-0087-013-2015		11,824
<i>Total Federal Aviation Administration Direct Assistance</i>				<u>85,984</u>
<i>Passed through Ohio Department of Public Safety</i>				
Impaired Driving Enforcement Program 2015	20.616	IDEP-2015-26-00-00-00369-00		10,887
Impaired Driving Enforcement Program 2016	20.616	IDEP-2016-26-00-00-00330-00		6,354
Total Impaired Driving Enforcement Program				<u>17,241</u>
Selective Traffic Enforcement Program 2015	20.600	STEP-2015-26-00-00-00542-00		9,729
Selective Traffic Enforcement Program 2016	20.600	STEP-2016-26-00-00-00476-00		1,403
Total Selective Traffic Enforcement Program				<u>11,132</u>
<i>Total passed through Ohio Department of Public Safety</i>				<u>28,373</u>
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning and Construction Grant - 2014	20.205	96361		44,881
Highway Planning and Construction Grant - 2015	20.205	95190		2,427,133
<i>Total passed through Ohio Department of Transportation</i>				<u>2,472,014</u>
Total U.S. Department of Transportation				<u>2,586,371</u>
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Passed through Ohio Office of Criminal Justice Services</i>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-JG-LLE-5927		9,353
TOTAL FEDERAL AWARDS EXPENDITURES			\$ 119,300	\$ 5,328,855

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

**FULTON COUNTY
FINANCIAL CONDITION**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fulton County (the County's) 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 B – 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 C - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Job and Family Services (ODJFS) and Area 7, Workforce Investment Board to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The initial loan of this money is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans; and therefore are reported as federal expenditures in the year of disbursement. Prior year outstanding loan balances are reported in the schedule below.

These loans are collateralized by mortgages, personal guarantees, promissory notes and/or security agreements.

**FULTON COUNTY
FINANCIAL CONDITION**

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

Activity in the CDBG revolving loan fund during 2015 is as follows:

Beginning loans receivable balance as of January 1, 2015	\$261,483	
Loans made	11,250	
Loan principal repaid	15,494	
Ending loans receivable balance as of December 31, 2015	<u>\$257,239</u>	
Cash balance on hand in the revolving loan fund as of December 31, 2015	\$259,030	
Revolving Loans Issued in 2015	\$11,250	
Revolving Loan Administrative cost expended during 2015	22,049	
Other Grants Administered Through the CDBG 14.228 Program	31,500	
Total CDBG 14.228 program expenditures	<u>\$64,799</u>	

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2015, the County estimates \$137,035 to be uncollectible.

NOTE E - 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 F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2015, the County made allowable transfers of \$205,944 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$452,842 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2015 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 658,786
Transfer to Social Services Block Grant	<u>(205,944)</u>
Total Temporary Assistance for Needy Families	<u>\$ 452,842</u>



Dave Yost • Auditor of State

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of 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, each major fund, and the aggregate remaining fund information of Fulton 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 and have issued our report thereon dated August 30, 2016, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27 and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2016



Dave Yost • Auditor of State

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

Fulton County
152 South Fulton Street
Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited Fulton County, Ohio'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 Fulton County's major federal program 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 program.

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 the County's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 the County's major program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, Fulton County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 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

August 30, 2016

**FULTON COUNTY
FINANCIAL CONDITION**

**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):	Highway Planning and Construction Grant - CFDA #20.205
(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?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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FULTON COUNTY FINANCIAL CONDITION

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 13, 2016