



Dave Yost • Auditor of State

OTTAWA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1943

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Job and Family Services, and Board of Developmental Disabilities funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 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 "Y" and "O".

Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2016

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OTTAWA COUNTY, OHIO

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

The management's discussion and analysis of Ottawa 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 the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- In total, net cash position increased \$912,312, which represents a 2.02% increase from 2014.
- The 2015 general fund cash disbursements and other financing uses of \$19,670,743 exceeded cash receipts and other financing sources of \$18,001,748 by \$1,668,995, which represents a 36.20% decrease from 2014. Of the \$19,670,743 in general fund cash disbursements, \$3,529,795 represents transfers to other funds. The 2015 general fund beginning cash balance was \$4,610,853, whereas the ending cash balance was \$2,941,858.
- The County's major governmental funds include the General fund, the Road and Bridge fund, the Job and Family Services fund, the Board of Developmental Disabilities fund and the Capital Improvement fund. The County's major business-type funds include the Riverview Nursing Home fund, the Danbury Sewer Operations fund, the Regional Water Operations fund and the Catawba Portage Sewer fund.

Using the Basic Financial Statements

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

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the County as a financial whole, or, as an entire operating entity.

Report Components

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis 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 a greater 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 non-major funds presented in total in a single column. For the County, the General fund is the most significant fund. The County's major governmental funds are the General, Road and Bridge, Job and Family Services, Board of Developmental Disabilities and Capital Improvement.

Basis of Accounting

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

OTTAWA COUNTY, OHIO

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the County as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2015?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

These two statements report the County's net cash position and changes on a cash basis. This change in net cash position is important because it tells the reader that, for the County as a whole, the cash basis 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, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the County is divided into two distinct kinds of activities.

Governmental Activities - Most of the County's programs and services are reported here, which include legislative and executive and judicial general government, human services, health, public safety, and public works. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements for the goods or services provided. The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, and Catawba Portage Sewer are reported as major enterprise funds and are reported as business activities.

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, Road and Bridge, Job and Family Services, Board of Developmental Disabilities and Capital Improvement funds.

OTTAWA COUNTY, OHIO

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

Governmental Funds

Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, the only item resulting in a difference between the amount of net cash position and fund cash balances or changes in net cash position and changes in fund cash balances is the consolidation of the County's internal service fund with governmental activities. As such, reconciliations are presented between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

Proprietary Funds

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, the Township Cold Mix Program and South Bass Island - Future Water and Sewer Extensions. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a health insurance program for employees of the County.

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. Agency funds are the County's only fiduciary fund type. Only the cash held at year end for the agency funds is reported.

Notes to the Financial Statements

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

OTTAWA COUNTY, OHIO

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

Government-Wide Financial Analysis

The table below provides a summary of the County's net cash position for 2015 and 2014.

	Net Cash Position					
	Governmental Activities <u>2015</u>	Business-Type Activities <u>2015</u>	Governmental Activities <u>2014</u>	Business-Type Activities <u>2014</u>	2015 Total	2014 Total
	<u>Assets</u>					
Equity in pooled cash and cash equivalents	\$ 25,385,219	\$ 14,591,759	\$ 26,653,236	\$ 12,538,129	\$ 39,976,978	\$ 39,191,365
Cash in segregated accounts	179,109	60,740	159,066	27,395	239,849	186,461
Restricted equity in pooled cash and cash equivalents	<u>91,522</u>	<u>5,792,717</u>	<u>65,127</u>	<u>5,745,801</u>	<u>5,884,239</u>	<u>5,810,928</u>
Total assets	<u>25,655,850</u>	<u>20,445,216</u>	<u>26,877,429</u>	<u>18,311,325</u>	<u>46,101,066</u>	<u>45,188,754</u>
<u>Net Cash Position</u>						
Restricted	15,946,820	5,792,717	17,725,484	5,745,801	21,739,537	23,471,285
Unrestricted	<u>9,709,030</u>	<u>14,652,499</u>	<u>9,151,945</u>	<u>12,565,524</u>	<u>24,361,529</u>	<u>21,717,469</u>
Total net cash position	<u>\$ 25,655,850</u>	<u>\$ 20,445,216</u>	<u>\$ 26,877,429</u>	<u>\$ 18,311,325</u>	<u>\$ 46,101,066</u>	<u>\$ 45,188,754</u>

The total net cash position of the County increased \$912,312. Net cash position of governmental activities decreased \$1,221,579, which represents a 4.54% decrease from the 2014 balance. Net cash position of business-type activities increased \$2,133,891, or 11.65% from 2014.

A portion of the County's governmental activities net cash position, \$15,946,820, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net cash position of \$9,709,030 may be used to meet the County's ongoing obligations to citizens and creditors.

OTTAWA COUNTY, OHIO

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

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

	Change in Net Cash Position					
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2015 Total	2014 Total
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>Total</u>	<u>Total</u>
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 8,946,842	\$ 19,677,801	\$ 9,915,810	\$ 20,204,732	\$ 28,624,643	\$ 30,120,542
Operating grants and contributions	11,715,780	115,189	11,443,030	97,039	11,830,969	11,540,069
Capital grants and contributions	<u>1,446,072</u>	<u>-</u>	<u>57,875</u>	<u>-</u>	<u>1,446,072</u>	<u>57,875</u>
Total program receipts	<u>22,108,694</u>	<u>19,792,990</u>	<u>21,416,715</u>	<u>20,301,771</u>	<u>41,901,684</u>	<u>41,718,486</u>
General receipts:						
Property taxes	7,831,198	796,800	7,977,477	812,984	8,627,998	8,790,461
Sales taxes	8,358,460	-	8,011,280	-	8,358,460	8,011,280
Other local taxes	526,074	-	517,577	-	526,074	517,577
Unrestricted grants	1,441,482	-	1,415,931	-	1,441,482	1,415,931
Proceeds of loans	58,680	23,863	-	128,075	82,543	128,075
Investment receipts	334,634	-	370,113	-	334,634	370,113
Miscellaneous	<u>2,496,870</u>	<u>313,116</u>	<u>4,037,976</u>	<u>1,030,152</u>	<u>2,809,986</u>	<u>5,068,128</u>
Total general receipts	<u>21,047,398</u>	<u>1,133,779</u>	<u>22,330,354</u>	<u>1,971,211</u>	<u>22,181,177</u>	<u>24,301,565</u>
Total receipts	<u>43,156,092</u>	<u>20,926,769</u>	<u>43,747,069</u>	<u>22,272,982</u>	<u>64,082,861</u>	<u>66,020,051</u>

OTTAWA COUNTY, OHIO

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

Change in Net Cash Position - Continued

	Governmental Activities <u>2015</u>	Business-Type Activities <u>2015</u>	Governmental Activities <u>2014</u>	Business-Type Activities <u>2014</u>	2015 <u>Total</u>	2014 <u>Total</u>
Cash Disbursements:						
General government:						
Legislative and executive	5,354,236	-	5,275,803	-	5,354,236	5,275,803
Judicial	3,429,918	-	2,997,606	-	3,429,918	2,997,606
Public safety	7,593,895	-	7,708,475	-	7,593,895	7,708,475
Public works	5,362,008	-	5,727,290	-	5,362,008	5,727,290
Health	242,281	-	220,552	-	242,281	220,552
Human services	15,223,914	-	15,856,415	-	15,223,914	15,856,415
Conservation and recreation	17,101	-	13,205	-	17,101	13,205
Economic development	15,034	-	810	-	15,034	810
Other	791,693	-	1,370,351	-	791,693	1,370,351
Capital outlay	3,952,663	-	935,872	-	3,952,663	935,872
Debt service:						
Principal retirement	1,705,642	-	1,621,683	-	1,705,642	1,621,683
Interest and fiscal charges	411,329	-	483,083	-	411,329	483,083
Bond issuance costs	-	-	-	-	-	-
Payment to refunded bond escrow	-	-	-	-	-	-
Riverview nursing home	-	10,076,867	-	10,474,220	10,076,867	10,474,220
Danbury sewer operations	-	2,047,055	-	3,068,701	2,047,055	3,068,701
Regional water operations	-	4,711,362	-	4,765,042	4,711,362	4,765,042
Catawba portage sewer	-	2,108,001	-	2,096,652	2,108,001	2,096,652
Nonmajor enterprise	-	127,550	-	106,400	127,550	106,400
Total cash disbursements	<u>44,099,714</u>	<u>19,070,835</u>	<u>42,211,145</u>	<u>20,511,015</u>	<u>63,170,549</u>	<u>62,722,160</u>
Advances	(186,867)	186,867	(55,333)	55,333	-	-
Transfers	(91,090)	91,090	(101,077)	101,077	-	-
Change in net cash position	(1,221,579)	2,133,891	1,379,514	1,918,377	912,312	3,297,891
Net cash position						
at beginning of year	<u>26,877,429</u>	<u>18,311,325</u>	<u>25,497,915</u>	<u>16,392,948</u>	<u>45,188,754</u>	<u>41,890,863</u>
Net cash position at end of year	<u>\$ 25,655,850</u>	<u>\$ 20,445,216</u>	<u>\$ 26,877,429</u>	<u>\$ 18,311,325</u>	<u>\$ 46,101,066</u>	<u>\$ 45,188,754</u>

Governmental Activities

Governmental net cash position decreased by \$1,221,579 in 2015 from 2014's balance.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2015, general government cash disbursements totaled \$8,784,154 or 19.92%, of total governmental activities cash disbursements. General government programs were supported by \$3,020,907 in direct charges to users and \$54,832 in operating grants and contributions.

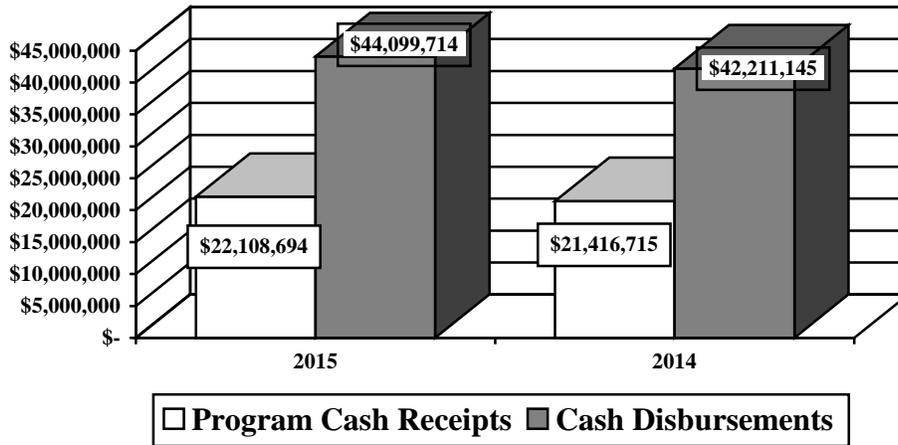
The County's human services programs accounted for \$15,223,914, or 34.52%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$1,915,724 in direct charges to users and \$6,495,140 in operating grants and contributions.

OTTAWA COUNTY, OHIO

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

The Statement of Activities - Cash Basis 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 and 2014. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The table below shows the changes in net cost of services for 2015 and 2014.

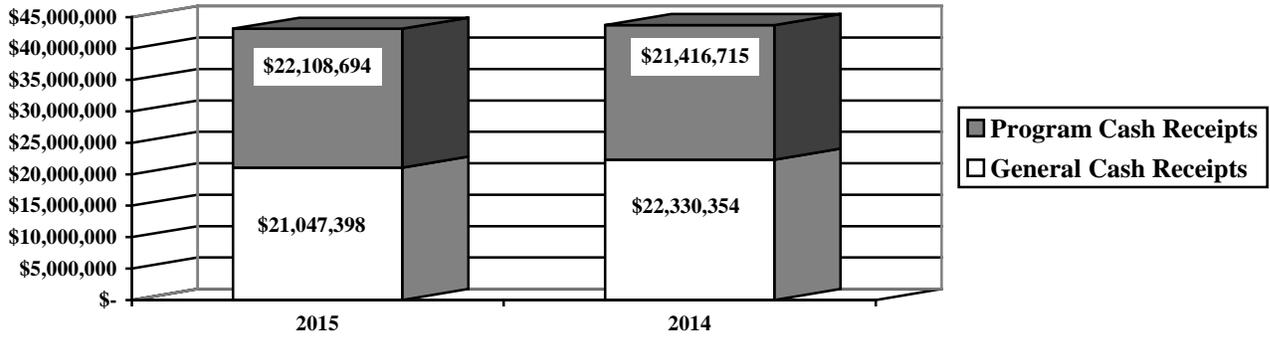
	Governmental Activities			
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Cash disbursements:				
General government:				
Legislative and executive	\$ 5,354,236	\$ 3,390,864	\$ 5,275,803	\$ 3,398,771
Judicial	3,429,918	2,317,551	2,997,606	1,912,197
Public safety	7,593,895	5,269,781	7,708,475	5,025,470
Public works	5,362,008	499,085	5,727,290	697,832
Health	242,281	48,668	220,552	15,947
Human services	15,223,914	6,813,050	15,856,415	7,200,355
Conservation and recreation	17,101	151	13,205	4,304
Economic development	15,034	4,416	810	1
Other	791,693	716,615	1,370,351	1,300,616
Capital outlay	3,952,663	2,149,106	935,872	475,427
Debt service:				
Principal retirement	1,705,642	1,705,642	1,621,683	1,621,683
Interest and fiscal charges	411,329	(923,909)	483,083	(858,173)
Total	<u>\$ 44,099,714</u>	<u>\$ 21,991,020</u>	<u>\$ 42,211,145</u>	<u>\$ 20,794,430</u>

The dependence upon general cash receipts for governmental activities is apparent, with 49.87% of cash disbursements supported through taxes and other general cash receipts during 2015.

OTTAWA COUNTY, OHIO

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

Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, the Township Cold Mix Program and South Bass Island - Future Water and Sewer Extensions are the County's enterprise funds.

These programs had cash receipts (both operating and non-operating) of \$20,926,769, cash disbursements (both operating and non-operating) of \$19,070,835, advances in of \$263,029, advances out of \$76,162, transfers in of \$237,098 and transfers out of \$146,008 for 2015. The net cash position of the programs increased \$2,133,891 from 2014. This increase was primarily due to a decrease in disbursements related to the Riverview Nursing Home.

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

The County's governmental funds are accounted for using the cash basis of accounting.

The County's governmental funds reported a combined fund cash balance of \$24,819,373, which is \$1,426,172 below last year's balance of \$26,245,545.

OTTAWA COUNTY, OHIO

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

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2015 and December 31, 2014 for all major and nonmajor governmental funds.

	Fund Cash Balance <u>December 31, 2015</u>	Fund Cash Balance <u>December 31, 2014</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 2,941,858	\$ 4,610,853	\$ (1,668,995)
Road and Bridge	2,589,174	4,114,299	(1,525,125)
Job and Family Services	697,631	398,730	298,901
Board of Developmental Disabilities	6,581,485	7,469,973	(888,488)
Capital Improvement	3,978,232	2,880,008	1,098,224
Other Nonmajor Governmental Funds	<u>8,030,993</u>	<u>6,771,682</u>	<u>1,259,311</u>
Total	<u>\$ 24,819,373</u>	<u>\$ 26,245,545</u>	<u>\$ (1,426,172)</u>

General Fund

The general fund, the County's largest major fund, had cash receipts and other financing sources of \$18,001,748 in 2015. The cash disbursements and other financing uses of the general fund totaled \$19,670,743 in 2015. Of the \$19,670,743 in general fund cash disbursements, \$3,529,795 represents transfers to other funds. The general fund's cash balance decreased \$1,668,995 from the 2014 balance, which is largely attributable to the increase in transfers to other funds.

The table that follows assists in illustrating the cash receipts of the general fund. Some of the prior year revenues have been reclassified to conform to current year classifications for comparability purposes.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 11,558,223	\$ 11,263,398	2.62 %
Charges for services	2,118,852	2,196,877	(3.55) %
Licenses and permits	235,430	166,174	41.68 %
Fines and forfeitures	422,302	441,419	(4.33) %
Intergovernmental	1,441,482	1,415,931	1.80 %
Investment income	334,634	370,113	(9.59) %
Rental income	33,671	34,044	(1.10) %
Reimbursements	353,549	404,301	(12.55) %
Other	<u>843,003</u>	<u>1,808,289</u>	(53.38) %
Total	<u>\$ 17,341,146</u>	<u>\$ 18,100,546</u>	(4.20) %

Tax receipts increased during 2015 due to an increase in the collection of sales tax receipts. Charges for services decreased due primarily to the decrease in receipts related to sheriff fees, election expenses and clerk of court fees. Receipts related to licenses and permits increased due to the increase in commercial permits. Other receipts decreased due to a decrease in receipts related to airport credits. All other receipts remained comparable to the prior year.

OTTAWA COUNTY, OHIO

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

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government:			
Legislative and executive	\$ 4,340,050	\$ 4,183,207	3.75 %
Judicial	2,708,620	2,575,649	5.16 %
Public safety	5,940,347	5,658,228	4.99 %
Public works	367,492	336,246	9.29 %
Health	74,911	80,999	(7.52) %
Human services	865,210	774,827	11.66 %
Other	679,784	1,351,161	(49.69) %
Debt service	<u>1,162</u>	<u>2,787</u>	(58.31) %
Total	<u>\$ 14,977,576</u>	<u>\$ 14,963,104</u>	0.10 %

General governmental disbursements increase due to an increase in costs related to court and the audit department. Public works disbursements increased due to an increase in costs related to buildings inspections. Human services disbursements increased due to an increase in public assistance costs. Other disbursements decreased due to costs related to airport credits. All other disbursements remained comparable to the prior year.

Road and Bridge Fund

The road and bridge fund, a major fund, had cash receipts and other financing sources of \$4,776,813 in 2015. The road and bridge fund had cash disbursements and other financing uses of \$6,301,938 in 2015. The road and bridge fund cash balance decreased \$1,525,125 from 2014 to 2015. This decrease was due to a decrease in charges for services as well as a \$1,868,340 in advances out to other governmental funds.

Job and Family Services Fund

The job and family services fund, a major fund, had cash receipts and other financing sources of \$2,494,275 and cash disbursements and other financing uses of \$2,195,374 in 2015. The job and family services fund cash balance increased \$298,901 from 2014 to 2015. This increase was due to an increase in receipts received from state grants.

Board of Developmental Disabilities Fund

The Board of Developmental Disabilities fund, a major fund, had cash receipts and other financing sources of \$6,045,954 in 2015. The fund had cash disbursements and other financing uses of \$6,934,442 in 2015. The fund cash balance decreased \$888,488 from 2014 to 2015. This decrease was due to a decrease in receipts related to contract services.

Capital Improvement Fund

The Capital Improvement fund, a major fund, had cash receipts and other financing sources of \$1,729,371 in 2015. The fund had cash disbursements of \$631,147 in 2015. The fund cash balance increased \$1,098,224 from 2014 to 2015. This increase was primarily due to an increase in transfers into the fund.

Budgeting Highlights - General Fund

The County's appropriations are prepared according to Ohio law and are based on accounting for transactions on the basis of cash receipts, disbursements and encumbrances. The general fund is the most significant budgeted fund.

OTTAWA COUNTY, OHIO

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

During each year the general fund budget is revised as needs arise. Records of the revisions are found in the Commissioners' Journals.

Original estimated receipts of \$15,073,840 were increased to \$17,352,348 in the final budget. The budgetary receipt increase can be attributed to an increase in budgeted property taxes and incomes taxes. Actual revenues of \$17,365,847 were \$13,499 higher than final budgeted estimates. Original appropriations of \$15,311,551 were increased to \$18,962,132 in the final budget. Actual disbursements of \$19,423,179 were \$461,047 higher than the final budget. The County variances can be attributed to not having to budget for advances between funds since they are to be repaid.

Capital Assets and Debt Administration

Capital Assets

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$3,952,663 for governmental activities and \$701,701 for business-type activities during 2015.

Debt Administration

At December 31, 2015, the County had \$4,565,000 in general obligation bonds, \$5,416,069 in Ohio Water Development Authority (OWDA) Loans and \$642,815 in Ohio Public Works Commission (OPWC) loans outstanding related to governmental activities. For business-type activities, there was \$7,120,000 in general obligation bonds, \$257,000 in special assessment bonds, \$1,022,298 in OPWC loans, \$1,132,662 in Ohio Water and Sewer Loans, \$978,258 Ohio EPA loans, and \$20,373,267 in OWDA loans outstanding at year end.

In addition, the County long-term obligations also include capital leases. For further information, regarding the County's debt, refer to Notes 8 and 9 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The County's current population as of the 2014 census is 41,154.

The County's unemployment rate as of December 31, 2015 is 7.8%, compared to the 4.6% State average and the 5.0% national average.

These economic factors were considered in preparing the County's budgets for 2015. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

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 Lawrence Hartlaub, Ottawa County Auditor, 315 Madison St., Room 202, Port Clinton, Ohio 43452.

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OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash, cash equivalents, and investments . . .	\$ 25,385,219	\$ 14,591,759	\$ 39,976,978
Cash in segregated accounts	179,109	60,740	239,849
Restricted assets:			
Equity in pooled cash, cash equivalents, and investments . . .	91,522	5,792,717	5,884,239
Total assets.	\$ 25,655,850	\$ 20,445,216	\$ 46,101,066
Net position:			
Restricted for:			
Capital projects	\$ 352,543	\$ -	\$ 352,543
Debt service.	22,372	-	22,372
Public safety programs	1,391,794	-	1,391,794
Public works projects	3,359,965	-	3,359,965
Health services	190,436	-	190,436
Human services programs.	8,557,222	-	8,557,222
Economic development	26,985	-	26,985
Repairs and replacements	-	3,765,422	3,765,422
Revenue bond current debt service.	-	84,838	84,838
Revenue bond future debt service	-	1,942,457	1,942,457
Other purposes	2,045,503	-	2,045,503
Unrestricted	9,709,030	14,652,499	24,361,529
Total cash position.	\$ 25,655,850	\$ 20,445,216	\$ 46,101,066

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive.	\$ 5,354,236	\$ 1,963,372	\$ -	\$ -
Judicial.	3,429,918	1,057,535	54,832	-
Public safety.	7,593,895	1,296,163	1,027,951	-
Public works.	5,362,008	751,966	4,110,957	-
Health	242,281	193,613	-	-
Human services	15,223,914	1,915,724	6,495,140	-
Conservation and recreation	17,101	-	16,950	-
Economic development and assistance	15,034	668	9,950	-
Other	791,693	75,078	-	-
Capital outlay	3,952,663	357,485	-	1,446,072
Debt service:				
Principal retirement	1,705,642	-	-	-
Interest and fiscal charges	411,329	1,335,238	-	-
Total governmental activities.	<u>44,099,714</u>	<u>8,946,842</u>	<u>11,715,780</u>	<u>1,446,072</u>
Business-type activities:				
Riverview nursing home	10,076,867	9,715,016	91,155	-
Danbury sewer operations.	2,047,055	2,406,437	-	-
Regional water operations.	4,711,362	5,307,183	24,034	-
Catawba portage sewer	2,108,001	2,132,362	-	-
Nonmajor enterprise funds	127,550	116,803	-	-
Total business-type activities.	<u>19,070,835</u>	<u>19,677,801</u>	<u>115,189</u>	<u>-</u>
Total primary government	<u>\$ 63,170,549</u>	<u>\$ 28,624,643</u>	<u>\$ 11,830,969</u>	<u>\$ 1,446,072</u>

General cash receipts, advances and transfers:

Property taxes levied for:	
General purposes	
Developmental disabilities human services	
Senior program human services	
Riverview nursing home.	
Sales taxes	
Other local taxes	
Grants and entitlements not restricted to specific programs.	
Proceeds of loans	
Investment receipts.	
Miscellaneous	
Total general cash receipts	
Advances.	
Transfers.	
Total general cash receipts, advances and transfers	
Change in net position.	
Net position at beginning of year	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (3,390,864)	\$ -	\$ (3,390,864)
(2,317,551)	-	(2,317,551)
(5,269,781)	-	(5,269,781)
(499,085)	-	(499,085)
(48,668)	-	(48,668)
(6,813,050)	-	(6,813,050)
(151)	-	(151)
(4,416)	-	(4,416)
(716,615)	-	(716,615)
(2,149,106)	-	(2,149,106)
(1,705,642)	-	(1,705,642)
923,909	-	923,909
<u>(21,991,020)</u>	<u>-</u>	<u>(21,991,020)</u>
-	(270,696)	(270,696)
-	359,382	359,382
-	619,855	619,855
-	24,361	24,361
-	(10,747)	(10,747)
<u>-</u>	<u>722,155</u>	<u>722,155</u>
<u>(21,991,020)</u>	<u>722,155</u>	<u>(21,268,865)</u>
3,199,763	-	3,199,763
4,206,497	-	4,206,497
424,938	-	424,938
-	796,800	796,800
8,358,460	-	8,358,460
526,074	-	526,074
1,441,482	-	1,441,482
58,680	23,863	82,543
334,634	-	334,634
2,496,870	313,116	2,809,986
21,047,398	1,133,779	22,181,177
(186,867)	186,867	-
(91,090)	91,090	-
<u>20,769,441</u>	<u>1,411,736</u>	<u>22,181,177</u>
(1,221,579)	2,133,891	912,312
<u>26,877,429</u>	<u>18,311,325</u>	<u>45,188,754</u>
<u>\$ 25,655,850</u>	<u>\$ 20,445,216</u>	<u>\$ 46,101,066</u>

OTTAWA COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General	Road and Bridge	Job and Family Services	Board of Developmental Disabilities
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,690,572	\$ 2,589,174	\$ 697,631	\$ 6,581,485
Cash in segregated accounts.	159,764	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents	91,522	-	-	-
Total assets	<u>\$ 2,941,858</u>	<u>\$ 2,589,174</u>	<u>\$ 697,631</u>	<u>\$ 6,581,485</u>
Fund cash balances:				
Nonspendable.	\$ 91,522	\$ -	\$ -	\$ -
Restricted	-	2,589,174	697,631	6,581,485
Committed.	407,784	-	-	-
Assigned.	562,229	-	-	-
Unassigned.	1,880,323	-	-	-
Total fund balances	<u>\$ 2,941,858</u>	<u>\$ 2,589,174</u>	<u>\$ 697,631</u>	<u>\$ 6,581,485</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 3,978,232	\$ 8,011,648	\$ 24,548,742
-	19,345	179,109
-	-	91,522
<u>\$ 3,978,232</u>	<u>\$ 8,030,993</u>	<u>\$ 24,819,373</u>
\$ -	\$ -	\$ 91,522
-	6,078,530	15,946,820
3,978,232	1,952,463	6,338,479
-	-	562,229
-	-	1,880,323
<u>\$ 3,978,232</u>	<u>\$ 8,030,993</u>	<u>\$ 24,819,373</u>

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OTTAWA COUNTY, OHIO

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

Total governmental fund balances	\$ 24,819,373
<i>Amounts reported for governmental activities on the statement of net position - cash basis are different because:</i>	
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position - cash basis.	<u>836,477</u>
Net position of governmental activities	<u><u>\$ 25,655,850</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Road and Bridge</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilities</u>
Cash receipts:				
Property taxes	\$ 3,199,763	\$ -	\$ -	\$ 4,206,497
Sales taxes	8,358,460	-	-	-
Other local taxes	-	478,227	-	43,264
Charges for services	2,118,852	461,901	-	250,094
Licenses and permits	235,430	12,400	-	-
Fines and forfeitures	422,302	18,049	-	-
Intergovernmental	1,441,482	3,750,079	1,930,162	1,508,975
Special assessments	-	-	-	-
Investment income	334,634	-	-	-
Rental income	33,671	-	-	-
Reimbursements	353,549	-	59,296	-
Davis Besse Lease Agreement	-	-	-	-
First Energy Public Radio Agreement	-	-	-	-
Other	843,003	39,721	35,385	33,040
Total cash receipts	<u>17,341,146</u>	<u>4,760,377</u>	<u>2,024,843</u>	<u>6,041,870</u>
Cash disbursements:				
Current:				
General government:				
Legislative and executive	4,340,050	-	-	-
Judicial	2,708,620	-	-	-
Public safety	5,940,347	-	-	-
Public works	367,492	4,377,301	-	-
Health	74,911	-	-	-
Human services	865,210	-	2,126,634	6,711,337
Conservation and recreation	-	-	-	-
Economic development and assistance	-	-	-	-
Other	679,784	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,139	56,297	-	-
Interest and fiscal charges	23	-	-	-
Total cash disbursements	<u>14,977,576</u>	<u>4,433,598</u>	<u>2,126,634</u>	<u>6,711,337</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>2,363,570</u>	<u>326,779</u>	<u>(101,791)</u>	<u>(669,467)</u>
Other financing sources (uses):				
Loan proceeds	-	-	-	-
Sale of capital assets	4,430	-	-	-
Other financing sources	-	-	-	-
Advances in	630,216	-	-	-
Advances out	(1,163,372)	(1,868,340)	-	-
Transfers in	25,956	16,436	469,432	4,084
Transfers out	(3,529,795)	-	(68,740)	(223,105)
Total other financing sources (uses)	<u>(4,032,565)</u>	<u>(1,851,904)</u>	<u>400,692</u>	<u>(219,021)</u>
Net change in fund balances - cash basis	(1,668,995)	(1,525,125)	298,901	(888,488)
Fund balances - cash basis, January 1	4,610,853	4,114,299	398,730	7,469,973
Fund balances - cash basis, December 31	<u>\$ 2,941,858</u>	<u>\$ 2,589,174</u>	<u>\$ 697,631</u>	<u>\$ 6,581,485</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 424,938	\$ 7,831,198
-	-	8,358,460
-	4,583	526,074
-	2,893,812	5,724,659
-	262,396	510,226
-	10,629	450,980
-	5,972,636	14,603,334
-	1,561,710	1,561,710
-	-	334,634
70,767	-	104,438
-	181,984	594,829
-	191,899	191,899
-	206,878	206,878
11,970	1,099,082	2,062,201
<u>82,737</u>	<u>12,810,547</u>	<u>43,061,520</u>
-	1,047,998	5,388,048
-	746,035	3,454,655
-	1,708,894	7,649,241
-	635,803	5,380,596
-	168,244	243,155
-	5,588,442	15,291,623
-	17,101	17,101
-	15,034	15,034
-	111,909	791,693
631,147	3,321,516	3,952,663
-	1,648,206	1,705,642
-	411,306	411,329
<u>631,147</u>	<u>15,420,488</u>	<u>44,300,780</u>
<u>(548,410)</u>	<u>(2,609,941)</u>	<u>(1,239,260)</u>
-	58,680	58,680
-	-	4,430
-	31,462	31,462
-	2,768,684	3,398,900
-	(554,055)	(3,585,767)
1,646,634	2,223,924	4,386,466
-	(659,443)	(4,481,083)
<u>1,646,634</u>	<u>3,869,252</u>	<u>(186,912)</u>
1,098,224	1,259,311	(1,426,172)
2,880,008	6,771,682	26,245,545
<u>\$ 3,978,232</u>	<u>\$ 8,030,993</u>	<u>\$ 24,819,373</u>

OTTAWA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balance - cash basis - total governmental funds \$ (1,426,172)

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

The internal service fund used by management to charge the costs
of insurance to individual funds is not reported in the government-wide
statement of activities - cash basis. Governmental fund disbursements
and the related internal service fund receipts are eliminated. The total
change in net position of the internal service fund is allocated among
the governmental activities.

204,593

Change in net position of governmental activities

\$ (1,221,579)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary basis receipts:				
Property taxes	\$ 2,745,934	\$ 3,161,000	\$ 3,199,763	\$ 38,763
Sales taxes	6,189,428	7,125,000	8,358,460	1,233,460
Charges for services	1,451,018	1,670,350	1,689,396	19,046
Licenses and permits	133,171	153,300	235,430	82,130
Fines and forfeitures	376,925	433,900	422,302	(11,598)
Intergovernmental	1,217,246	1,401,241	1,441,482	40,241
Investment income	238,890	275,000	334,634	59,634
Rental income	29,536	34,000	33,671	(329)
Reimbursements	307,125	353,549	353,549	-
Other	2,287,708	2,633,508	411,691	(2,221,817)
Total budgetary basis receipts	<u>14,976,981</u>	<u>17,240,848</u>	<u>16,480,378</u>	<u>(760,470)</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	4,417,184	4,766,732	4,503,599	263,133
Judicial	2,498,672	2,691,523	2,548,071	143,452
Public safety	5,695,904	5,927,419	5,840,866	86,553
Public works	355,608	457,883	434,729	23,154
Health	59,376	103,384	90,003	13,381
Human services	840,808	992,770	887,250	105,520
Other	390,542	390,392	390,291	101
Total budgetary basis disbursements	<u>14,258,094</u>	<u>15,330,103</u>	<u>14,694,809</u>	<u>635,294</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>718,887</u>	<u>1,910,745</u>	<u>1,785,569</u>	<u>(125,176)</u>
Other financing sources (uses):				
Transfers in	90,344	104,000	250,823	146,823
Transfers out	(1,053,457)	(3,632,029)	(3,564,642)	67,387
Advances in	-	-	630,216	630,216
Advances out	-	-	(1,163,728)	(1,163,728)
Sale of capital assets	6,515	7,500	4,430	(3,070)
Total other financing sources (uses)	<u>(956,598)</u>	<u>(3,520,529)</u>	<u>(3,842,901)</u>	<u>(322,372)</u>
Net change in fund balance - budgetary basis	(237,711)	(1,609,784)	(2,057,332)	(447,548)
Fund balance, January 1	3,041,944	3,041,944	3,041,944	-
Prior year encumbrances appropriated	385,581	385,581	385,581	-
Fund balance, December 31	<u>\$ 3,189,814</u>	<u>\$ 1,817,741</u>	<u>\$ 1,370,193</u>	<u>\$ (447,548)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary basis receipts:				
Other local taxes	\$ 425,000	\$ 425,000	\$ 478,227	\$ 53,227
Charges for services	579,000	579,000	461,901	(117,099)
Licenses and permits	8,000	8,000	12,400	4,400
Fines and forfeitures	10,000	10,000	18,049	8,049
Intergovernmental	3,534,000	3,534,000	3,750,079	216,079
Other	-	-	39,721	39,721
Total budgetary basis receipts	<u>4,556,000</u>	<u>4,556,000</u>	<u>4,760,377</u>	<u>204,377</u>
Budgetary basis disbursements:				
Current:				
Public works	7,169,182	7,206,072	4,658,482	2,547,590
Debt service:				
Principal retirement	<u>56,296</u>	<u>56,296</u>	<u>56,296</u>	<u>-</u>
Total budgetary basis disbursements	<u>7,225,478</u>	<u>7,262,368</u>	<u>4,714,778</u>	<u>2,547,590</u>
Excess of budgetary basis receipts over (under) budgetary basis receipts disbursements	<u>(2,669,478)</u>	<u>(2,706,368)</u>	<u>45,599</u>	<u>2,751,967</u>
Other financing sources (uses):				
Advances out	-	-	(1,868,340)	(1,868,340)
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>16,436</u>	<u>6,436</u>
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>(1,851,904)</u>	<u>(1,861,904)</u>
Net change in fund balance - budgetary basis	(2,659,478)	(2,696,368)	(1,806,305)	890,063
Fund balance, January 1	4,077,409	4,077,409	4,077,409	-
Prior year encumbrances appropriated	<u>36,890</u>	<u>36,890</u>	<u>36,890</u>	<u>-</u>
Fund balance, December 31	<u>\$ 1,454,821</u>	<u>\$ 1,417,931</u>	<u>\$ 2,307,994</u>	<u>\$ 890,063</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 JOB AND FAMILY SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary basis receipts:				
Intergovernmental	\$ 2,723,993	\$ 2,723,993	\$ 1,930,162	\$ (793,831)
Reimbursements.	105,000	105,000	59,296	(45,704)
Other	<u>25,500</u>	<u>25,500</u>	<u>35,385</u>	<u>9,885</u>
Total budgetary basis receipts.	<u>2,854,493</u>	<u>2,854,493</u>	<u>2,024,843</u>	<u>(829,650)</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>3,069,057</u>	<u>3,122,321</u>	<u>2,239,560</u>	<u>882,761</u>
Total budgetary basis disbursements	<u>3,069,057</u>	<u>3,122,321</u>	<u>2,239,560</u>	<u>882,761</u>
Excess of budgetary basis disbursements over budgetary basis receipts.	<u>(214,564)</u>	<u>(267,828)</u>	<u>(214,717)</u>	<u>53,111</u>
Other financing sources (uses):				
Transfers in	472,545	472,545	469,432	(3,113)
Transfers out	<u>(196,997)</u>	<u>(196,997)</u>	<u>(68,740)</u>	<u>128,257</u>
Total other financing sources (uses)	<u>275,548</u>	<u>275,548</u>	<u>400,692</u>	<u>125,144</u>
Net change in fund balance - budgetary basis	60,984	7,720	185,975	178,255
Fund balance, January 1	356,308	356,308	356,308	-
Prior year encumbrances appropriated	<u>42,422</u>	<u>42,422</u>	<u>42,422</u>	<u>-</u>
Fund balance, December 31	<u>\$ 459,714</u>	<u>\$ 406,450</u>	<u>\$ 584,705</u>	<u>\$ 178,255</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
BOARD OF DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary basis receipts:				
Property taxes	\$ 4,100,000	\$ 4,100,000	\$ 4,206,497	\$ 106,497
Other local taxes.	40,000	40,000	43,264	3,264
Charges for services.	1,000,000	1,000,000	250,094	(749,906)
Intergovernmental.	3,030,000	3,030,000	1,508,975	(1,521,025)
Other	17,600	17,600	33,040	15,440
Total budgetary basis receipts	<u>8,187,600</u>	<u>8,187,600</u>	<u>6,041,870</u>	<u>(2,145,730)</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>8,581,369</u>	<u>9,040,493</u>	<u>7,045,531</u>	<u>1,994,962</u>
Total budgetary basis disbursements	<u>8,581,369</u>	<u>9,040,493</u>	<u>7,045,531</u>	<u>1,994,962</u>
Excess of budgetary basis disbursements over budgetary basis receipts.	<u>(393,769)</u>	<u>(852,893)</u>	<u>(1,003,661)</u>	<u>(150,768)</u>
Other financing sources (uses):				
Transfers in	-	-	4,084	4,084
Transfers out.	<u>(2,650,000)</u>	<u>(2,606,000)</u>	<u>(223,105)</u>	<u>2,382,895</u>
Total other financing sources (uses)	<u>(2,650,000)</u>	<u>(2,606,000)</u>	<u>(219,021)</u>	<u>2,386,979</u>
Net change in fund balance - budgetary basis	(3,043,769)	(3,458,893)	(1,222,682)	2,236,211
Fund balance, January 1	7,054,849	7,054,849	7,054,849	-
Prior year encumbrances appropriated	<u>415,124</u>	<u>415,124</u>	<u>415,124</u>	<u>-</u>
Fund balance, December 31	<u>\$ 4,426,204</u>	<u>\$ 4,011,080</u>	<u>\$ 6,247,291</u>	<u>\$ 2,236,211</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,247,541	\$ 2,354,395	\$ 7,824,446	\$ 1,747,430
Cash in segregated accounts	55,692	-	-	5,048
Restricted assets:				
Equity in pooled cash and cash equivalents	-	3,245,654	-	2,547,063
Total assets.	\$ 2,303,233	\$ 5,600,049	\$ 7,824,446	\$ 4,299,541
Net position:				
Restricted for:				
Repairs and replacements	\$ -	\$ 1,552,548	\$ -	\$ 2,212,874
Revenue bond current debt service . . .	-	-	-	84,838
Revenue bond future debt service . . .	-	1,693,106	-	249,351
Unrestricted	2,303,233	2,354,395	7,824,446	1,752,478
Total net position.	\$ 2,303,233	\$ 5,600,049	\$ 7,824,446	\$ 4,299,541

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 417,947	\$ 14,591,759	\$ 836,477
-	60,740	-
<u>-</u>	<u>5,792,717</u>	<u>-</u>
<u>\$ 417,947</u>	<u>\$ 20,445,216</u>	<u>\$ 836,477</u>
\$ -	\$ 3,765,422	\$ -
-	84,838	-
-	1,942,457	-
417,947	14,652,499	836,477
<u>\$ 417,947</u>	<u>\$ 20,445,216</u>	<u>\$ 836,477</u>

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-Type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Operating receipts:				
Charges for services	\$ 9,715,016	\$ 2,406,437	\$ 5,298,977	\$ 2,084,342
Tap-in fees	-	-	-	-
Other	159,075	18,198	83,777	29,014
Total operating receipts.	9,874,091	2,424,635	5,382,754	2,113,356
Operating disbursements:				
Personal services	6,451,082	809,533	1,411,642	748,556
Contract services	2,103,973	315,466	481,694	299,134
Materials and supplies	794,780	190,303	417,995	254,941
Capital outlay	539,931	29,221	65,790	42,896
Claims	-	-	-	-
Other	67,813	131,008	175,077	225,760
Total operating disbursements.	9,957,579	1,475,531	2,552,198	1,571,287
Operating income (loss).	(83,488)	949,104	2,830,556	542,069
Nonoperating receipts (disbursements):				
Debt service:				
Principal retirement	(110,000)	(409,587)	(1,636,973)	(279,114)
Interest and fiscal charges	(9,288)	(161,937)	(522,191)	(257,600)
Loan proceeds	-	-	-	-
Intergovernmental receipts	91,155	-	24,034	-
Property tax receipts	796,800	-	-	-
Special assessment receipts	-	-	8,206	48,020
Other nonoperating revenues	-	55	20,626	2,371
Total nonoperating receipts (disbursements).	768,667	(571,469)	(2,106,298)	(486,323)
Income before transfers and advances.	685,179	377,635	724,258	55,746
Transfers in	7,048	140,073	40,746	23,147
Transfers out	-	(25,520)	(102,974)	-
Advances in	-	10,175	-	-
Advances out	(64,538)	(10,725)	-	-
Change in net position.	627,689	491,638	662,030	78,893
Net position at beginning of year	1,675,544	5,108,411	7,162,416	4,220,648
Net position at end of year	\$ 2,303,233	\$ 5,600,049	\$ 7,824,446	\$ 4,299,541

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
\$ -	\$ 19,504,772	\$ 5,940,612
1,062	1,062	-
-	290,064	777
<u>1,062</u>	<u>19,795,898</u>	<u>5,941,389</u>
1,779	9,422,592	-
546	3,200,813	700,690
-	1,658,019	-
23,863	701,701	-
-	-	5,039,633
<u>58</u>	<u>599,716</u>	<u>-</u>
<u>26,246</u>	<u>15,582,841</u>	<u>5,740,323</u>
<u>(25,184)</u>	<u>4,213,057</u>	<u>201,066</u>
(81,215)	(2,516,889)	-
(20,089)	(971,105)	-
23,863	23,863	-
-	115,189	-
-	796,800	-
115,741	171,967	-
<u>-</u>	<u>23,052</u>	<u>-</u>
<u>38,300</u>	<u>(2,357,123)</u>	<u>-</u>
<u>13,116</u>	<u>1,855,934</u>	<u>201,066</u>
26,084	237,098	3,527
(17,514)	(146,008)	-
252,854	263,029	-
<u>(899)</u>	<u>(76,162)</u>	<u>-</u>
273,641	2,133,891	204,593
<u>144,306</u>	<u>18,311,325</u>	<u>631,884</u>
<u>\$ 417,947</u>	<u>\$ 20,445,216</u>	<u>\$ 836,477</u>

OTTAWA COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
AGENCY FUNDS
DECEMBER 31, 2015

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,742,486
Cash in segregated accounts	<u>846,229</u>
Total assets	<u>\$ 7,588,715</u>
Net position:	<u>\$ 7,588,715</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

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

NOTE 1 - DESCRIPTION OF THE COUNTY

Ottawa County, Ohio (the "County"), was created in 1840. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Municipal Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County are presented on a cash basis of accounting, as discussed further in section D. Basis of Accounting in this note disclosure. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

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", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government includes all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability was evaluated based on financial accountability, and 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.

OTTAWA COUNTY, OHIO

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

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

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

POTENTIAL COMPONENT UNIT NOT REPORTED

Riverview Industries, Inc. - Riverview Industries is a legally separate, not-for-profit corporation served by a self-appointing board of trustees. Riverview Industries, under a contractual agreement with the Ottawa County Department of Development Disabilities (DD), provides sheltered employment for mentally retarded or handicapped adults in Ottawa County. The Ottawa County Board of Developmental Disabilities provides Riverview Industries with all expenses and personnel for the operation of Riverview Industries including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of Riverview Industries. It has been determined that excluding Riverview Industries as a component unit would not have a significant impact on the County's financials. Riverview Industries operates on a fiscal year ending December 31. Financial information for Riverview Industries can be obtained from James Frederick, 8200 West State Route 163, Oak Harbor, Ohio 43449.

POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the following entities are presented as agency funds within the financial statements:

Ottawa County Soil and Water Conservation District
Ottawa County District Board of Health
Ottawa County Family and Children First Council
Ottawa County Law Library

The County participates in several joint ventures, a jointly governed organization, and an insurance pool as follows:

JOINT VENTURES

Joint Solid Waste District

The Joint Solid Waste District (the "District") is a joint venture between Ottawa, Sandusky, and Seneca Counties. The joint venture was formed to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and waste disposal.

OTTAWA COUNTY, OHIO

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

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

The District is governed and operated by the three counties. Each of the counties has contractual obligations with the District and shares in the equity of the District based on the percentages of population within the three counties. In the event of dissolution of the District, all members will share in net obligations or asset liquidations in a ratio proportionate to their percentages of population within the member counties at the time of dissolution. The District does not have any outstanding debt.

The District consists of a nine-member board of directors, comprised of the three commissioners from each county, who are responsible for the District's financial matters. Each county's degree of control over the District is limited to its representation on the board of directors. The District operates autonomously from the County, the County has no financial responsibility from the operations of the District, and the County does not subsidize the District in any way. The District has not accumulated significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A sixteen-member policy committee, consisting of five members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2014, the latest information available, the County's equity interest in the Joint Solid Waste District was \$915,620. Financial information can be obtained from Jerri Miller, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio, 43420.

Mental Health and Recovery Board of Erie and Ottawa Counties

The MHRB is a governmental joint venture between Erie and Ottawa Counties. It provides mental health education, consultation, training, and referral services to the public. The organization is controlled by a board whose membership consists of seventeen members. Eight members are appointed by the Board of the Erie County Commissioners, three members are appointed by the Board of the Ottawa County Commissioners, three members are appointed by the Ohio Department of Alcohol and Drug Addiction Services, and three members are appointed by the Ohio Department of Mental Health. Fiscal matters are handled by the Erie County Auditor. Financial statements for the MHRB are available, upon request, from: Mental Health and Recovery Board of Erie and Ottawa Counties, 416 Columbus Avenue, Sandusky, Ohio, 44870.

Regional Airport Authority

The Regional Airport Authority (the "Airport Authority") is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a seven-member board of trustees. Three members are appointed by the County Commissioners in each county. The seventh member is appointed at large by the other six. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2015, the County provided \$30,000 for airport operations. Financial information for the Airport Authority can be obtained from Beverly Shenkle, Office Manager, 3255 East State Road, Port Clinton, Ohio, 43452.

OTTAWA COUNTY, OHIO

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

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

JOINTLY GOVERNED ORGANIZATION

Ottawa County Regional Planning Commission

The County participates in the Ottawa County Regional Planning Commission (the "Commission"), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, seven villages, and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Commission. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. In 2015, the County contributed \$92,201 to the Regional Planning Commission.

INSURANCE POOL

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. is a jointly governed organization among 65 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, certain property insurance and public officials' errors and omissions liability insurance.

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

The County's payment to CORSA for insurance in 2015 was \$293,725, which included a credit given to the County for its proportional share of a distribution from member equity. CORSA's net position as of the fiscal year ended April 30, 2015 were \$82,232,381. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

OTTAWA COUNTY, OHIO

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

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

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position – cash basis and the statement of activities – cash basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government-wide statement of net position – cash basis presents the cash balance of the governmental and business-type activities of the County at year end. The government-wide statement of activities – cash basis presents a comparison between direct disbursements and program receipts for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the County. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements - Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The financial statements for governmental funds are a statement of assets and fund balances – cash basis, and a statement of receipts, disbursements and changes in fund balances – cash basis which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

The financial statements for proprietary funds are a statement of net position - cash basis, and a statement of receipts, disbursements and changes in net position – cash basis which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net position.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating receipts of the County's proprietary funds are charges for services. Operating disbursements for the proprietary funds include personnel and other disbursements related to the operations of the proprietary fund's activity. All receipts and disbursements not meeting these definitions are reported as nonoperating receipts and disbursements.

The financial statement for the agency funds is a statement of fiduciary net position-cash basis.

OTTAWA COUNTY, OHIO

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

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

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 of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the County's major governmental funds:

General Fund - The general fund is used to account for all activities of the County not required to be included in another fund. The general fund cash balance is available to the County for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Road and Bridge Fund - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Job and Family Services Fund - This fund accounts for federal, state and local monies used to provide general relief and to pay providers of medical assistance and social services.

Ottawa County Board of Developmental Disabilities Fund - This fund accounts for a county-wide tax levy and federal and state grants that are used for developing and implementing programs for developmentally disabled citizens.

Capital Improvement Fund - This fund is used to account for transactions related to the acquiring, constructing or improving of capital assets.

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and, (c) for grants and other resources, the use of which is restricted or committed to a particular purpose.

OTTAWA COUNTY, OHIO

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County has presented the following major enterprise funds:

Riverview Nursing Home Fund - This fund accounts for the daily operations of the County nursing home. Receipts are generated from resident fees and charges for services and are used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

Danbury Sewer Operations Fund - This fund accounts for sanitary sewer services provided to individuals and commercial users in Danbury Township and the Village of Marblehead.

Regional Water Operations Fund - This fund accounts for water services provided to individuals and commercial users in Bay, Catawba, Danbury, Erie, Harris, Portage, and Salem Townships, the City of Port Clinton, and the Village of Oak Harbor.

Catawba Portage Sewer Fund - This fund accounts for sanitary sewer services provided to individuals and commercial users in portions of Catawba and Portage Townships.

Internal Service Fund - 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 fund accounts for monies received for the activities of the self insurance program for employee health benefits.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on cash basis assets and net cash 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 and do not involve measurement of the results of operations. The County's only fiduciary funds are agency funds that account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

OTTAWA COUNTY, OHIO

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The County's basic financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the basic financial statements when cash is received, rather than when earned. Disbursements are recorded in the County's financial records and reported in the basic financial statements when cash is paid, rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as receivables and revenues for goods and services provided and billed but not yet collected) and certain liabilities and their related expenses/expenditures (such as payables and expenses/expenditures for goods and services received but not yet paid, and accrued liabilities and expenses/expenditures) are not reported in these basic financial statements.

E. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object levels for all funds.

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

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

OTTAWA COUNTY, OHIO

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

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

F. 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 cash equivalents" on the basic financial statements.

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

During 2015, investments were limited to federal agency securities, money market mutual funds, certificates of deposits, and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments are reported at cost.

The County has invested funds in STAR Ohio during 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2015.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest receipts credited to the general fund during 2015 amounted to \$334,634, which includes \$311,402 assigned from other County funds.

For presentation on the basic financial statements, investments of the cash management pool of the County are considered to be cash equivalents.

G. Inventories of Materials and Supplies

On the cash basis of accounting, inventories of materials and supplies are recorded as disbursements when purchased. These items are not reported as assets in the basic financial statements.

H. Capital Assets

On the cash basis of accounting, acquisitions of capital assets are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

I. Prepaid Items

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2015 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

OTTAWA COUNTY, OHIO

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

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

J. Loss on Advance Refunding

On the cash basis of accounting, for advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as a reduction of disbursement when the transaction occurs. This amount is not reported as a reduction of a liability in the basic financial statements.

K. Compensated Absences

On the cash basis of accounting, compensated absences consisting of vacation leave and sick leave are not accrued as a liability and are recorded as disbursements when paid. These amounts are not reported as liabilities in the basic financial statements.

L. 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.

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 County Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of County 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 County Commissioners, which includes giving the County Auditor the authority to constrain monies for intended purposes.

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.

OTTAWA COUNTY, OHIO

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

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

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

M. Long-term Obligations

On the cash basis of accounting, issuances of debt are recorded as receipts and debt service payments of principal and interest are recorded as disbursements when these transactions occur. Long-term debt and other long-term obligations are not reported as liabilities in the basic financial statements.

N. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent the movement of resources from the fund receiving those resources to the fund through which those resources will be disbursed and are recorded as other financing sources and uses in governmental funds and as transfers in proprietary funds. Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

On the cash basis of accounting, advances are reported as other financing sources and uses in governmental funds and as nonoperating receipts and disbursements in proprietary funds. Exchange transactions between funds are recorded as receipts in the fund providing the goods or services and as disbursements in the fund receiving the goods or services. Interfund loans (advances in / out) are not reflected as assets/liabilities in the accompanying financial statements.

O. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for the County nursing home, water and sewer services, and charges for health care premiums in the internal service fund. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the proprietary funds. All receipts and disbursements not meeting these definitions are reported as nonoperating.

P. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of December 31, 2015, there was no net position restricted by enabling legislation.

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

OTTAWA COUNTY, OHIO

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

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

Q. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the enterprise funds represent certain resources which are segregated from other resources of the County to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the County or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

R. Pensions

For purposes of measuring the net pension liability, 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.

S. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2015, the County has 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 effected the County's pension plan disclosures, as presented in Note 11 to the 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. The implementation of GASB Statement No. 71 did not have an effect on the financial statements of the County.

OTTAWA COUNTY, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE- (Continued)

B. Compliance

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. 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.

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 provided a written investment policy has been filed with the Ohio Auditor of State:

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, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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;
7. The State Treasurer's investment pool (STAR Ohio);

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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.

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

A. Cash on Hand

At year-end, the County had \$16,611 in undeposited cash on hand, which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash in Segregated Accounts

At year-end, the County deposited \$1,086,078 in accounts separate from the County's internal investment pool. The balances in these depository accounts are included in "deposits with financial institutions" below.

C. Deposits with Financial Institutions

At December 31, 2015, the carrying amount of all County deposits was \$21,717,558. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, \$3,902,610 of the County's bank balance of \$22,437,805 was covered by the FDIC, while \$18,535,195 was exposed to custodial risk as discussed below.

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.

D. Investments

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

Investment type	Amount	Investment Maturities				
		6 months or less	7 - 12 months	13 - 18 months	19 - 24 months	More than 24 months
FHLMC	\$ 3,995,413	\$ -	\$ -	\$ -	\$ -	\$ 3,995,413
FHLB	2,511,840	-	-	-	-	2,511,840
FNMA	20,414,702	-	-	-	9,368,409	11,046,293
Mutual funds	4,004,682	4,004,682	-	-	-	-
Negotiable CD's	988,604	-	-	-	493,743	494,861
STAR Ohio	40,371	40,371	-	-	-	-
Total	\$ 31,955,612	\$ 4,045,053	\$ -	\$ -	\$ 9,862,152	\$ 18,048,407

The weighted average maturity of investments at December 31, 2015 is 2.20 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.

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The County's investments were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service.

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 are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the County's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the 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>Amount</u>	<u>Percent of Total</u>
FHLMC	\$ 3,995,413	12.51
FHLB	2,511,840	7.86
FNMA	20,414,702	63.88
Negotiable CD's	4,004,682	12.53
Mutual funds	988,604	3.09
STAR Ohio	<u>40,371</u>	<u>0.13</u>
Total	<u>\$ 31,955,612</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position – Cash Basis

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

Cash and investments per note disclosure

Carrying amount of deposits	\$ 21,717,558
Investments	31,955,612
Cash on hand	<u>16,611</u>
Total	<u>\$ 53,689,781</u>

Cash and investments per statement of net position - cash basis

Governmental activities	\$ 25,655,850
Business-type activities	20,445,216
Agency funds	<u>7,588,715</u>
Total	<u>\$ 53,689,781</u>

OTTAWA COUNTY, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS

- A. Transfers for the year ended December 31, 2015 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major governmental funds:</u>		
General	\$ 25,956	\$ 3,529,795
Road and bridge	16,436	-
Job and family services	469,432	68,740
Board of developmental disabilities	4,084	223,105
Capital improvement	1,646,634	-
Nonmajor governmental funds	<u>2,223,924</u>	<u>659,443</u>
Total governmental funds	<u>4,386,466</u>	<u>4,481,083</u>
<u>Major enterprise funds:</u>		
Riverview nursing home	7,048	-
Danbury sewer operations	140,073	25,520
Regional water operations	40,746	102,974
Catawba portage sewer	23,147	-
Nonmajor enterprise funds	<u>26,084</u>	<u>17,514</u>
Total enterprise funds	<u>237,098</u>	<u>146,008</u>
Internal service fund	<u>3,527</u>	<u>-</u>
Total	<u>\$ 4,627,091</u>	<u>\$ 4,627,091</u>

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse 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 receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

OTTAWA COUNTY, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Advances for the year ended December 31, 2015 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>Major governmental funds:</u>		
General	\$ 630,216	\$ 1,163,372
Road and bridge	-	1,868,340
Nonmajor governmental funds	<u>2,768,684</u>	<u>554,055</u>
Total governmental funds	<u>3,398,900</u>	<u>3,585,767</u>
<u>Major enterprise funds:</u>		
Riverview nursing home	-	64,538
Danbury sewer operations	10,175	10,725
Nonmajor enterprise funds	<u>252,854</u>	<u>899</u>
Total enterprise funds	<u>263,029</u>	<u>76,162</u>
Total	<u>\$ 3,661,929</u>	<u>\$ 3,661,929</u>

These advances will be repaid in the next year as resources become available. Advances between governmental funds are eliminated for reporting on the government-wide statement of net position – cash basis.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility 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 proceeding 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 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

OTTAWA COUNTY, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected.

The full tax rate for all County operations for the year ended December 31, 2015 was \$7.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 1,352,245,220
Commercial/Industrial/Mineral	248,408,630
<u>Public Utility</u>	
Real	767,230
Personal	<u>138,310,210</u>
Total Assessed Value	<u>\$ 1,739,731,290</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1% percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the State Auditor, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. On July 1, 2013, the County added an additional 0.25% permanent sales tax.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS

A. Long-term obligation activity for the fiscal year ended December 31, 2015 was as follows:

<u>Governmental Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>	<u>Amount Due In One Year</u>
<u>General Obligation Bonds:</u>						
2013 Various Purpose Refunding Bonds (original amount \$3,140,000)	1.00-4.00	\$ 3,070,000	\$ -	\$ (430,000)	\$ 2,640,000	\$ 355,000
2006 Board of DD Facility Bonds (original amount \$2,020,000)	4.00-4.40	1,400,000	-	(90,000)	1,310,000	95,000
2006 Riverview Industries Building (original amount \$950,000)	4.00-4.40	<u>660,000</u>	<u>-</u>	<u>(45,000)</u>	<u>615,000</u>	<u>45,000</u>
Total General Obligation Bonds		<u>5,130,000</u>	<u>-</u>	<u>(565,000)</u>	<u>4,565,000</u>	<u>495,000</u>
<u>Special Assessment Bonds:</u>						
1995 Gypsum Sewer (original amount \$112,769)	4.50	<u>\$ 5,600</u>	<u>\$ -</u>	<u>\$ (5,600)</u>	<u>\$ -</u>	<u>\$ -</u>
Total Special Assessment Bonds		<u>5,600</u>	<u>-</u>	<u>(5,600)</u>	<u>-</u>	<u>-</u>
<u>OWDA Loans:</u>						
1998 Dani-Donn (original amount \$47,710)	5.54	15,558	-	(3,144)	12,414	3,318
1999 Perryview Estates (original amount \$127,826)	6.13	51,521	-	(8,141)	43,380	8,648
1999 Regional Water (original amount \$17,942,681)	4.02	<u>6,426,596</u>	<u>-</u>	<u>(1,066,321)</u>	<u>5,360,275</u>	<u>1,109,617</u>
Total OWDA Loans		<u>6,493,675</u>	<u>-</u>	<u>(1,077,606)</u>	<u>5,416,069</u>	<u>1,121,583</u>
<u>OPWC Loans:</u>						
2007 Port Clinton Eastern Road (original amount \$157,431)	0.00	106,265	-	(7,871)	98,394	7,872
2007 Port Clinton Eastern Road (original amount \$382,692)	0.00	258,319	-	(19,137)	239,182	19,132
2009 Lemon Road Bridge Replacement (original amount \$152,891)	0.00	107,024	-	(10,193)	96,831	10,193
2012 Toussaint East Road CR 93 Reconstruction (original amount \$125,937)	0.00	107,046	-	(12,593)	94,453	12,595
2013 Fremont Road Reconstruction (original amount \$65,030)	0.00	61,778	-	(6,503)	55,275	6,503
2015 Duff-Washa Road Safety Improvement (original amount \$58,680)	0.00	<u>-</u>	<u>58,680</u>	<u>-</u>	<u>58,680</u>	<u>2,934</u>
Total OPWC Loans		<u>640,432</u>	<u>58,680</u>	<u>(56,297)</u>	<u>642,815</u>	<u>59,229</u>
<u>Other Long-Term Obligations:</u>						
Capital Leases		<u>1,139</u>	<u>-</u>	<u>(1,139)</u>	<u>-</u>	<u>-</u>
Total Other Long-Term Obligations		<u>1,139</u>	<u>-</u>	<u>(1,139)</u>	<u>-</u>	<u>-</u>
Total Governmental Activities		<u>\$ 12,270,846</u>	<u>\$ 58,680</u>	<u>\$ (1,705,642)</u>	<u>\$ 10,623,884</u>	<u>\$ 1,675,812</u>

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>	<u>Amount Due In One Year</u>
<u>General Obligation Bonds:</u>						
2011 Catawaba Portage Sanitary Sewer (original amount \$1,440,000)	1.30-3.70	\$ 980,000	\$ -	\$ (105,000)	\$ 875,000	\$ 105,000
2011 Regional Water System Improvement Bonds (original amount \$1,730,000)	2.50-4.875	1,515,000	-	(50,000)	1,465,000	55,000
2006 County Home Improvements (original amount \$965,000)	4.00-4.25	225,000	-	(110,000)	115,000	115,000
2008 Catawba Portage Sewer Refunding (original amount \$5,272,000)	3.00	<u>4,800,000</u>	<u>-</u>	<u>(135,000)</u>	<u>4,665,000</u>	<u>140,000</u>
Total General Obligation Bonds		<u>7,520,000</u>	<u>-</u>	<u>(400,000)</u>	<u>7,120,000</u>	<u>415,000</u>
<u>Special Assessment Bonds:</u>						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	<u>277,000</u>	<u>-</u>	<u>(20,000)</u>	<u>257,000</u>	<u>21,000</u>
Total Special Assessment Bonds		<u>277,000</u>	<u>-</u>	<u>(20,000)</u>	<u>257,000</u>	<u>21,000</u>
<u>OWDA Loans:</u>						
1997 Danbury Sanitary Sewer (original amount \$1,246,205)	3.04	238,033	-	(76,963)	161,070	79,320
1997 Regional Water (original amount \$29,991,085)	2.00	13,798,884	-	(1,260,166)	12,538,718	1,285,369
2001 Camp Perry Western Road (original amount \$17,145)	5.74	8,752	-	(964)	7,788	1,020
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	2,947,867	-	(247,870)	2,699,997	257,278
2004 Golf Lane Waterline (original amount \$69,018)	4.56	43,809	-	(3,337)	40,472	3,491

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities (continued):</u>	<u>Interest Rate</u>	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>	<u>Amount Due In One Year</u>
<u>OWDA Loans (continued):</u>						
2004 Water Plant Expansion (original amount \$3,065,360)	4.51%	2,629,657	-	(83,290)	2,546,367	87,089
2006 South Bass Island Waterline (original amount \$968,848)	2.00	687,378	-	(44,828)	642,550	45,729
2007 Sewer Construction (original amount \$245,936)	3.82	174,604	-	(11,134)	163,470	11,563
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	885,411	-	(50,471)	834,940	52,182
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	250,658	-	(9,723)	240,935	13,583
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	181,571	-	(8,921)	172,650	9,355
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	<u>341,068</u>	<u>-</u>	<u>(16,758)</u>	<u>324,310</u>	<u>17,572</u>
Total OWDA Loans		<u>22,187,692</u>	<u>-</u>	<u>(1,814,425)</u>	<u>20,373,267</u>	<u>1,863,551</u>
<u>OPWC Loans:</u>						
1994 Portage Catawba Island WWTP (original amount \$168,000)	4.00	6,021	-	(6,021)	-	-
1999 Danbury Sewer (original amount \$169,741)	0.00	42,435	-	(8,487)	33,948	8,487
1999 Allen / Clay Sanitary Sewer (original amount \$23,035)	0.00	5,759	-	(1,152)	4,607	1,152
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	39,869	-	(4,197)	35,672	4,196
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	116,735	-	(11,117)	105,618	11,118
2004 Regional Water System Repair (original amount \$174,000)	0.00	95,700	-	(8,700)	87,000	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	76,934	-	(6,690)	70,244	6,690
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	89,387	-	(7,152)	82,235	7,151
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00	196,713	-	(11,922)	184,791	11,922
2013 SBI Langram Rd Waterline Extension (original amount \$294,755)	0.00	287,386	-	(14,738)	272,648	14,738
2014 Barnum Road Sanitary Sewer Extension (original amount \$128,075)	0.00	128,075	-	(6,403)	121,672	6,404
2015 Erie Township Sanitary Sewer Extension (original amount \$23,863)	0.00	<u>-</u>	<u>23,863</u>	<u>-</u>	<u>23,863</u>	<u>-</u>
Total OPWC Loans		<u>1,085,014</u>	<u>23,863</u>	<u>(86,579)</u>	<u>1,022,298</u>	<u>80,558</u>

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities (continued):</u>	<u>Interest Rate</u>	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>	<u>Amount Due In One Year</u>
<u>Ohio Water & Sewer Loans:</u>						
1991 Portage Catawba Water (original amount \$185,855)	0.00%	\$ 63,775	\$ -	\$ -	\$ 63,775	\$ -
1992 Danbury Sewer (original amount \$216,741)	0.00	78,042	-	-	78,042	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	5,762	-	-	5,762	-
1999 Regional Water (original amount \$1,108,668)	0.00	898,680	-	(218)	898,462	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	28,436	-	-	28,436	-
2004 Clay Center (original amount \$13,128)	0.00	13,128	-	(1,062)	12,066	-
2005 State Road Sewer (original amount \$28,990)	0.00	19,672	-	-	19,672	-
2008 Allen/Clay Phase IV (original amount \$21,207)	0.00	18,026	-	-	18,026	-
2008 SBI Waterline (original amount \$8,421)	0.00	8,421	-	-	8,421	-
Total Ohio Water & Sewer Loans		1,133,942	-	(1,280)	1,132,662	-
<u>OEPA Loans:</u>						
1999 Regional Water (original amount \$3,274,564)	4.02	1,172,863	-	(194,605)	978,258	202,507
Total OEPA Loans		1,172,863	-	(194,605)	978,258	202,507
Total Business-Type Activities		\$ 33,376,511	\$ 23,863	\$ (2,516,889)	\$ 30,883,485	\$ 2,582,616

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

General obligation bonds are supported by the full faith and credit of Ottawa County. General obligation bonds will be paid from property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

2006 Various Improvement Bonds

On June 28, 2006, the County issued \$3,935,000 in general obligation bonds with interest rates from 4.00 percent to 4.40 percent. These bonds were issued for constructing a new building for Developmentally Disabled, Riverview Industries building improvements, and various County building improvements.

The bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption on December 1, 2017, at a redemption price of 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 145,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$155,000, is payable at stated maturity.

The bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2019, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 160,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$165,000, is payable at stated maturity.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2021, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 175,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$180,000, is payable at stated maturity.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2023, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 190,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$195,000, is payable at stated maturity.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2025, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 205,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$215,000, is payable at stated maturity.

The bonds maturing on December 1, 2018 and thereafter shall be subject to optional redemption, in whole or in part, on any date, in any order of maturity as determined by the County and by lot within a maturity at the option of the County on or after December 1, 2016, at par, which is 100 percent of the face value of the bonds.

2013 Various Improvement Refunding Bonds

On September 18, 2013, the County issued \$3,140,000 in general obligation refunding bonds - Series 2013 for the purpose of refunding a portion (\$2,995,000) of the 2003 various improvement bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial bonds, par value \$2,465,000 and term bonds, par value \$675,000. The bonds bear interest rates ranging from 1.00% - 4.00%. Principal and interest payments are due on December 1 and June 1 of each year. The bonds mature on December 1, 2027.

The refunding resulted in \$236,148 in gross debt service savings.

The bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption in part on December 1, 2014, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 160,000

The remaining principal, in the amount of \$165,000, is payable at stated maturity.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption in part on December 1, 2026, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 170,000

The remaining principal, in the amount of \$180,000, is payable at stated maturity.

Special Assessment Bonds

The special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments. Special assessment debt is supported by the full faith and credit of Ottawa County.

Capital Lease Obligation

Capital lease obligations will be paid from the fund that maintains the related asset. See Note 9.

General Obligation Revenue Bonds

The general obligation revenue bonds are liabilities of the various enterprise funds and pledge their respective receipts for repayment. The bonds also pledge the full faith and credit and taxing ability of the County in the event that the enterprise funds' receipts are not sufficient to meet the principal and interest requirements.

Catawba Portage Sanitary Sewer Revenue Refunding Bonds

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 120,000
2017	130,000
2018	145,000
2019	145,000
2020	160,000
2021	150,000

The remaining principal, in the amount of \$195,000, is payable at stated maturity.

Series 2008 Refunding Bonds

On October 1, 2008, the County issued general obligation and special assessment bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1998 general obligation and special assessment bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position – cash basis. The balance of the refunded Series 1998 general obligation and special assessment bonds at December 31, 2015 is \$4,665,000.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issues are comprised of general obligation and special assessment bonds, par value \$8,680,000. The interest rate on the general obligation and special assessment bonds is 3.00%. Interest payments on the bonds are due on March 1 and November 1 each year. The final maturity stated in the issues range from September 1, 2011, to September 1, 2031. Payments of principal and interest are recorded as disbursements of the general obligation bonds fund (a nonmajor governmental fund) and special assessment bonds fund in the governmental funds and as disbursements of the Riverview nursing home fund, Danbury sewer operations fund, Catawba Portage sewer fund and Portage Catawba water fund (a nonmajor business-type fund) in the business-type funds.

The reacquisition price exceeded the net carrying amount of the old debt by \$635,677.

2011 Catawaba Portage Sanitary Sewer Refunding Bonds

On June 5, 2011, the County issued \$1,400,000 in refunded general obligation bonds with interest rates from 1.3 percent to 3.7 percent. The proceeds of the bonds were used to refund \$1,655,000 of the County's outstanding 1998 Catawaba Portage Sanitary Sewer bonds. The bonds were issued for a 12 year period with final maturity at December 1, 2022.

The bonds maturing on December 1, 2013, are subject to mandatory sinking fund redemption on December 1, 2011, at a redemption price of 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 170,000
2012	100,000

The remaining principal, in the amount of \$95,000, is payable at stated maturity.

The bonds maturing on December 1, 2015, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2014, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 95,000

The remaining principal, in the amount of \$105,000, is payable at stated maturity.

The bonds maturing on December 1, 2017, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2016, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 105,000

The remaining principal, in the amount of \$110,000, is payable at stated maturity.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The bonds maturing on December 1, 2019, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2018, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 125,000

The remaining principal, in the amount of \$125,000, is payable at stated maturity.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2020, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 130,000
2021	120,000

The remaining principal, in the amount of \$160,000, is payable at stated maturity.

2011 Regional Water System Improvement Bonds

On March 9, 2011, the County issued \$1,730,000 in general obligation bonds with interest rates from 2.5 percent to 4.875 percent. The proceeds of the bonds were used to pay \$1,673,100 of the County's outstanding 1999 Regional Water Development bonds. The bonds were issued for a 24 year period with final maturity at December 1, 2034.

The bonds maturing on December 1, 2016, are subject to mandatory sinking fund redemption on December 1, 2011, at a redemption price of 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 65,000
2012	50,000
2013	50,000
2014	50,000
2015	50,000

The remaining principal, in the amount of \$55,000, is payable at stated maturity.

The bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2017, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 55,000
2018	55,000
2019	60,000
2020	60,000

The remaining principal, in the amount of \$65,000, is payable at stated maturity.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 65,000
2023	70,000
2024	70,000
2025	75,000

The remaining principal, in the amount of \$75,000, is payable at stated maturity.

The bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2027, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2027	\$ 80,000
2028	85,000
2029	90,000
2030	95,000

The remaining principal, in the amount of \$95,000, is payable at stated maturity.

The bonds maturing on December 1, 2034, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2032, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2032	\$ 100,000
2033	105,000

The remaining principal, in the amount of \$110,000, is payable at stated maturity.

Ohio Water and Sewer Loans

The Ohio Water and Sewer Loans were provided to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection.

The loans are non-interest bearing as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC. Several of these loans were used for purposes outside the loan and were required to submit monies to OWSRC.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross receipts of the enterprise funds.

At December 31, 2015, OWDA loans related to the County's governmental funds totaled \$5,416,069 in principal. These loans were issued to aid in the finance of various construction projects. They will be paid from the debt service fund (a nonmajor governmental funds) using special assessment receipts.

At December 31, 2015, the County also had OWDA loans related to business-type activities. The County has pledged future water and sewer receipts to repay these OWDA loans. The loans are payable solely from water and sewer fund receipts and are payable through 2034. Annual principal and interest payments on the loans are expected to require 60.55 percent of net receipts and 28.54 percent of total receipts. The total principal and interest remaining to be paid on the loans is \$24,037,269. Principal and interest paid for the current year were \$2,408,688, total net receipts revenues were \$3,779,290 and total revenues were \$7,808,451.

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for various water and sewer projects. OPWC loans are payable solely from the gross receipts of the enterprise funds.

OEPA Loan

The OEPA loan consists of monies owed to the Ohio Environmental Protection Agency (OEPA) for the Regional Water Project. The OEPA loan is payable from receipts from the Regional Water enterprise fund.

Legal Debt Margins

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors, should not exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, should not exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

The assessed valuation used in determining the County's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the County's legal debt margin calculations excluded 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 effects of these debt limitations at December 31, 2015 are a legal voted debt margin of \$34,581,434 (including available funds of \$610,907) and a legal unvoted debt margin of \$16,014,211.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the County's future annual debt service requirements for governmental activities:

<u>Year Ended</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 495,000	\$ 149,718
2017	510,000	138,443
2018	530,000	125,125
2019	335,000	111,193
2020	340,000	100,893
2021 - 2025	1,790,000	322,197
2026 - 2027	<u>565,000</u>	<u>30,660</u>
Total	<u>\$ 4,565,000</u>	<u>\$ 978,229</u>

<u>Year Ended</u>	<u>OWDA Loans</u>		<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,121,583	\$ 207,659	\$ 59,229	\$ -
2017	1,167,362	161,882	62,165	-
2018	1,215,011	114,232	62,164	-
2019	1,262,608	64,631	62,165	-
2020	649,505	13,113	62,163	-
2021 - 2025	-	-	264,480	-
2026 - 2028	<u>-</u>	<u>-</u>	<u>70,449</u>	<u>-</u>
Total	<u>\$ 5,416,069</u>	<u>\$ 561,517</u>	<u>\$ 642,815</u>	<u>\$ -</u>

The following is a summary of the County's future annual debt service requirements for business-type activities. OPWC loan Erie Township Sanitary Sewer Extension is currently "open" meaning the final disbursements have not yet been made from OPWC; therefore, future debt service requirements have not been finalized and are not presented in the schedule of future debt service below.

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 415,000	\$ 305,294	\$ 21,000	\$ 12,281
2017	310,000	291,053	22,000	11,281
2018	325,000	280,720	23,000	10,234
2019	335,000	268,885	24,000	9,139
2020	345,000	256,665	25,000	7,997
2021 - 2025	2,025,000	1,058,535	142,000	21,040
2026 - 2030	2,495,000	568,787	-	-
2031 - 2034	<u>870,000</u>	<u>72,800</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,120,000</u>	<u>\$ 3,102,739</u>	<u>\$ 257,000</u>	<u>\$ 71,972</u>

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	OWDA Loans		OPWC Loans		OEPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,863,551	\$ 548,530	\$ 80,558	\$ -	\$ 202,507	\$ 37,311
2017	1,910,565	501,516	80,558	-	210,729	29,088
2018	1,874,649	453,810	80,558	-	219,286	20,532
2019	1,921,783	406,680	80,558	-	228,190	11,628
2020	1,970,246	358,218	70,919	-	117,546	2,363
2021 - 2025	8,724,308	1,018,725	342,742	-	-	-
2026 - 2030	1,380,126	300,723	179,391	-	-	-
2031 - 2034	728,039	75,800	83,151	-	-	-
Total	<u>\$ 20,373,267</u>	<u>\$ 3,664,002</u>	<u>\$ 998,435</u>	<u>\$ -</u>	<u>\$ 978,258</u>	<u>\$ 100,922</u>

Industrial Revenue Bonds

The County has issued industrial revenue bonds for the following organizations:

	Amount of <u>Issuance</u>	Amount Outstanding at 12/31/15
Luther Home of Mercy	\$ 5,666,072	\$ 3,625,829
Otterbein Home	85,565,000	29,915,000
Magruder Hospital	6,700,000	1,565,000

The County is not obligated in any way to pay debt and related charges on industrial revenue bonds from any of its funds, and therefore, they have been excluded entirely from the County's debt presentation. There has not been, and there is not currently, any condition of default under the bonds or the related financing documents.

NOTE 9 - CAPITAL LEASES

The County has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service disbursements on the statement of cash receipts, cash disbursements, and changes in fund cash balance for the governmental funds.

During 2015, the final payment was made on the capital lease obligation.

OTTAWA COUNTY, OHIO

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

NOTE 10 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2015, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	
Other Property Insurance:	
Extra Expense	1,000,000
Contractors Equipment	
Valuable Papers and Records	1,000,000
Miscellaneous Floaters	
Automobile Physical Damage	Actual cash value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime	1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA (See Note 2). The County pays all elected officials' bonds in accordance with statute.

B. Workers Compensation

Workers' compensation coverage is provided by the State of Ohio. The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Medical Insurance

The County manages health, vision, dental, and drug card insurance for its employees on a self-insured basis. A third party administrator processes the claims, which the County pays. The Self Insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Self Insurance internal service fund. Claims and services are paid from the Self Insurance internal service fund.

OTTAWA COUNTY, OHIO

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

NOTE 10 - RISK MANAGEMENT - (Continued)

Under the health insurance program, the Self Insurance internal service fund provides in accordance with the Affordable Care Act. The County purchased commercial insurance for claims in excess of coverage provided by the Self Insurance internal service fund. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payments for the year ended December 31, 2015 were \$5,039,633.

The changes in the cash balance of the Self Insurance internal service fund for 2015 and 2014 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2015	\$ 631,884	\$ 5,944,916	\$ (5,740,323)	\$ 836,477
2014	110,985	6,146,754	(5,625,855)	631,884

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

For 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported December 31, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

The net pension liability reported on the statement of net position – cash basis represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

OTTAWA COUNTY, OHIO

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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; therefore, the following disclosure focuses on the traditional pension plan.

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

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OTTAWA COUNTY, OHIO

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN - (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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

OTTAWA COUNTY, OHIO

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The County's contractually required contribution was \$2,845,053 for year 2015.

Net Pension Liability

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

	<u>OPERS</u>
Proportionate Share of the Net Pension Liability	\$20,113,240
Proportion of the Net Pension Liability	0.166761%

OTTAWA COUNTY, OHIO

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN - (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 COLA or ad hoc COLA	4.25 to 10.05 percent including wage inflation 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.

OTTAWA COUNTY, OHIO

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN - (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	23.00 %	2.31 %
Domestic equities	19.90	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International 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 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
County's proportionate share of the net pension liability	\$ 37,002,598	\$ 20,113,044	\$ 5,888,331

NOTE 12 - POSTEMPLOYMENT BENEFIT PLAN

OPERS - Plan Description

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.

OTTAWA COUNTY, OHIO

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

NOTE 12 - POSTEMPLOYMENT BENEFIT PLAN - (Continued)

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.

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 \$397,722, \$420,061, and \$202,122, respectively.

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of cash receipts, cash disbursements and changes in fund cash balance - governmental funds - budgetary basis presented for the general fund and major special revenue funds 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 cash basis are that:

- (a) 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 a reservation of fund cash balance for that portion of outstanding encumbrances (cash basis); and
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

OTTAWA COUNTY, OHIO

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the net change in fund cash balance for the year on the budget basis to the cash basis for the general fund and major special revenue funds are as follows:

	Governmental Funds			
	General	Road and Bridge	Job and Family Services	Board of Developmental Disabilities
	Budget basis	\$ (2,057,332)	\$ (1,806,305)	\$ 185,975
Net adjustment for cash in segregated accounts	17,445	-	-	-
Net adjustment for funds budgeted elsewhere	(26,507)	-	-	-
Encumbrances (budget-basis)	397,399	281,180	112,926	334,194
Cash basis	\$ (1,668,995)	\$ (1,525,125)	\$ 298,901	\$ (888,488)

NOTE 14 - CONTINGENCIES

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. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the County's financial condition.

NOTE 15 - OTHER COMMITMENTS

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

Fund	Year - End Encumbrances
General	\$ 402,465
Road and bridge	281,180
Job and family services	112,926
Board of developmental disabilities	334,194
Capital improvement	1,714,232
Other governmental	2,326,453
Total	\$ 5,171,450

OTTAWA COUNTY, OHIO

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

NOTE 16 - 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:

<u>Fund balance</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Job and Family Services</u>	<u>Board of DD</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:							
Unclaimed monies	\$ 91,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,522
Total nonspendable	<u>91,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,522</u>
Restricted:							
Capital projects	-	-	-	-	-	352,543	352,543
Debt service	-	-	-	-	-	22,372	22,372
Public safety programs	-	-	-	-	-	1,391,794	1,391,794
Public works project	-	2,589,174	-	-	-	770,791	3,359,965
Health services	-	-	-	-	-	190,436	190,436
Human services program:	-	-	697,631	6,581,485	-	1,278,106	8,557,222
Economic development	-	-	-	-	-	26,985	26,985
Other purposes	-	-	-	-	-	<u>2,045,503</u>	<u>2,045,503</u>
Total restricted	<u>-</u>	<u>2,589,174</u>	<u>697,631</u>	<u>6,581,485</u>	<u>-</u>	<u>6,078,530</u>	<u>15,946,820</u>
Committed:							
Capital projects	-	-	-	-	3,978,232	1,337,167	5,315,399
Debt service	-	-	-	-	-	588,535	588,535
Public works project	-	-	-	-	-	26,761	26,761
Other purposes	<u>407,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,784</u>
Total committed	<u>407,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,978,232</u>	<u>1,952,463</u>	<u>6,338,479</u>
Assigned:							
Other purposes	<u>562,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>562,229</u>
Total assigned	<u>562,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>562,229</u>
Unassigned	<u>1,880,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,880,323</u>
Total fund balances	<u>\$2,941,858</u>	<u>\$2,589,174</u>	<u>\$ 697,631</u>	<u>\$6,581,485</u>	<u>\$ 3,978,232</u>	<u>\$ 8,030,993</u>	<u>\$24,819,373</u>

NOTE 17 - LINE OF CREDIT AND LOAN TO REGIONAL AIRPORT AUTHORITY

On March 28, 2013, the County extended the Erie-Ottawa Regional Airport Authority (the "Airport") a line of credit up to \$100,000. The proceeds of this line of credit were to be used only for the purchase of airplane and jet fuel to be sold at the Airport. The Airport agreed to pay the County the net sum of borrowing plus interest. During 2015, the Airport borrowed \$306,739 and accrued \$1,140 in interest on the outstanding line of credit. As of December 31, 2015, the Airport made \$378,268 in principal and \$1,140 in interest payments on the line of credit.

OTTAWA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
Community Development Block Grants / State's Program	14.228	B-F-11-1CE-1		\$14,365
Community Development Block Grants / State's Program		B-F-14-1CE-1		91,116
Community Development Block Grants / State's Program		B-F-13-1CE-1		5,978
Community Development Block Grants / State's Program		B-C-13-1CE-1		125,323
Community Development Block Grants - Revolving Loans		N/A		550,706
Total - CFDA #14.228				<u>787,488</u>
HOME Investment Partnerships Program	14.239	B-C-13-1CE-2		215,627
HOME Revolving Loan - Housing Program		N/A		76,650
Total - CFDA #14.239				<u>292,277</u>
Total - U.S. Department of Housing and Urban Development				<u>1,079,765</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct Assistance</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00E01066-0		175,712
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Ohio Attorney General's Office</i>				
<u>Crime Victim Assistance:</u>				
Crime Victim Assistance	16.575	2015-VOCA-10203156		28,606
Crime Victim Assistance		2015-VOCA-19814681		10,464
Crime Victim Assistance (Training Grant)		2015-VOCA-12355406		750
Total - Crime Victim Assistance				<u>39,820</u>
<i>Passed Through Drug Task Force - Erie County</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JG-A01-6718		<u>27,186</u>
Total - U.S. Department of Justice				<u>67,006</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job and Family Services</i>				
<u>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:</u>				
FAET	10.561	JFSCF115		16,558
FAET		JFSCF116		5,599
FAET Participation Allowance		JFSCFP15		2,814
FAET Participation Allowance		JFSCFP16		933
Food Assistance		JFSCFB15		99,323
Food Assistance		JFSCFB16		40,447
Total - U.S. Department of Agriculture				<u>165,674</u>
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Workforce Investment Act, Area 7</i>				
<u>Workforce Investment Act (WIA) Cluster:</u>				
Workforce Investment Act - Adult Administration (FY14)	17.258	S0762		110
Workforce Investment Act - Adult Administration (PY14)		S0762		735
Workforce Investment Act - Adult Administration (FY15)		S0762		830
Workforce Investment Act - Adult Program (FY14)		S0762	\$10,012	10,012
Workforce Investment Act - Adult Program (PY14)		S0762	6,617	6,617
Workforce Investment Act - Adult Program (FY15)		S0762	62,208	66,696
Workforce Investment Act - WIOA Adult Program (PY15)		S0762		8,711
Workforce Investment Act - WIOA Adult Program (FY16)		S0762		5,210
Total - Workforce Investment Act - Adult Program			78,837	<u>98,921</u>
Workforce Investment Act - Youth Program (PY13)	17.259	S0762	41,206	56,369
Workforce Investment Act - Youth Program (PY14)		S0762	45,817	45,817
Workforce Investment Act - Youth Program (PY15)		S0762		1,850
Total - Workforce Investment Act - Youth Activities			87,023	<u>104,036</u>
Workforce Investment Act - Dislocated Worker Administration (PY14)	17.278	S0762		132
Workforce Investment Act - Dislocated Worker Program (FY14)		S0762	15,990	52,105
Workforce Investment Act - Dislocated Worker Program (PY14)		S0762	17,764	17,764
Workforce Investment Act - Dislocated Worker Program (FY15)		S0762	51,898	51,898
Workforce Investment Act - Rapid Response (FY15)		S0762		48,068
Workforce Investment Act - WIOA Dislocated Worker Program (PY15)		S0762		6,190
Workforce Investment Act - WIOA Rapid Response (PY15)		S0762		165,427
Total - Workforce Investment Act - Dislocated Worker Formula Grants			85,652	<u>341,584</u>
Total - U.S. Department of Labor			251,512	<u>544,541</u>

OTTAWA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency</i>				
FY 14 Emergency Management Performance Grants	97.042	DPSFE208		50,751
		DPSFE208		15,807
Total - Emergency Management Performance Grants				66,558
Homeland Security Grant Program	97.067	DPSFE210		45,000
		DPSFE204		39,655
		DPSFE211		5,677
Total - Homeland Security Grant Program				90,332
Treasury Executive Office Forfeiture Fund	97.XXX	MOU		8,092
Total - U.S. Department of Homeland Security				164,982
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Job and Family Services</i>				
<u>Promoting Safe and Stable Families:</u>				
Caseworker Visits	93.556	JFSCMC15		440
Caseworker Visits		JFSCMC16		303
Caseworker Visits - Admin		JFSFMC15		29
Caseworker Visits - Admin		JFSCMC16		30
ESAA Preservation		JFSFPF15		938
ESAA Preservation		JFSCPF16		1,003
ESAA Preservation - Operating		JFSCPF15		1,322
ESAA Preservation - Operating		JFSCPF16		655
ESAA Reunification		JFSCPF15		2,399
ESAA Reunification		JFSCPF16		1,456
ESAA Reunification - Operating		JFSCPF15		1,171
ESAA Reunification - Operating		JFSCPF16		579
Total - Promoting Safe and Stable Families				10,325
<u>Temporary Assistance for Needy Families:</u>				
Temporary Assistance for Needy Families - Administration	93.558	JFSCTF15		256,082
Temporary Assistance for Needy Families - Administration		JFSCTF16		48,498
Temporary Assistance for Needy Families - Regular		JFSCTF15		125,803
Temporary Assistance for Needy Families - Regular		JFSCTF16		39,802
Temporary Assistance for Needy Families - Summer Youth		JFSFTF15	72,542	72,542
Temporary Assistance for Needy Families - ADC Collections		JFSCTF15		(568)
Temporary Assistance for Needy Families - ADC Collections		JFSFTF16B		(689)
Total - Temporary Assistance for Needy Families			72,542	541,470
<u>Child Care and Development Block Grant:</u>				
Child Care Administration	93.575	JFSCCD15		11,805
Child Care Administration		JFSCCD16		(200)
Child Care Non-Administration		JFSCCD15		8,486
Child Care Non-Administration		JFSCCD16		6,426
Total - Child Care and Development Block Grant				26,517
<u>Social Services Block Grant:</u>				
Social Services Block Grant - Title XX-Base	93.667	JFSCSS15		30,438
Social Services Block Grant - Title XX-Transfer		JFSCTX15		160,998
Social Services Block Grant - Title XX-Transfer		JFSCTX16		69,431
Total - Social Services Block Grant				260,867
<u>Medical Assistance Program:</u>				
Medicaid	93.778	MCDFMT15		52,263
Medicaid		MCDFMT16		12,598
Medicaid Refunds		MCDFMP15		(28,342)
Medicaid Refunds		MCDFMP16		(1,855)
Medicaid Incentives		MCDFMP15		(551)
Medicaid Incentives		MCDFMP16		(4,259)
Medicaid Enhanced		MCDFMT15		138,157
Medicaid Enhanced		MCDFMT16		46,187
Medicaid NET		MCDFMT15		24,144
Medicaid NET		MCDFMT16		6,977
Medicaid Child Welfare Related		MCDFMP15		627
Total - Medical Assistance Program				245,946

OTTAWA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Child Support Enforcement:</u>				
Title IV-D - Child Support Enforcement	93.563	JFSFCS15		225,690
Title IV-D - Child Support Enforcement		JFSCCS16		77,728
Title IV-D - Federal Incentive Expenditures		JFSOLS15		90,618
Total - Child Support Enforcement				394,036
<u>Stephanie Tubbs Jones Child Welfare Services Program:</u>				
Title IV-B - Child Welfare Services-Administration	93.645	JFSCCW15		1,125
Title IV-B - Child Welfare Services-Administration		JFSCCW16		1,013
Title IV-B - Child Welfare Services		JFSCCW15		18,913
Title IV-B - Child Welfare Services		JFSCCW16		10,123
Total - Stephanie Tubbs Jones Child Welfare Services Program				31,174
<u>Foster Care - Title IV-E:</u>				
Title IV-E - Foster Care	93.658	JFSCFC15		286,315
Title IV-E - Foster Care		JFSCFC16		70,915
Title IV-E - Foster Care-Administrative and Training		JFSCFC15		227
Title IV-E - Foster Care-Administrative and Training		JFSCFC16		363
Total - Foster Care IV-E				357,820
<u>Grants to States for Access and Visitation Programs:</u>				
Grants to States for Access and Visitation Programs	93.597	JFSOLS15		23,856
Grants to States for Access and Visitation Programs		JFSOLS16		26,457
Total - Grants to States for Access and Visitation Programs				50,313
<u>Adoption Assistance:</u>				
Title IV-E - Adoption Assistance-Administrative and Training	93.659	JFSCAA15		31,254
Title IV-E - Adoption Assistance-Administrative and Training		JFSCAA16		10,312
Non-Recurring Adoption		JFSFAA15		2,586
Total - Adoption Assistance				44,152
Children's Health Insurance Program	93.767	MCDFSH15		509
Total Passed through Ohio Job and Family Services			72,542	1,963,129
Passed Through Ohio Department of Developmental Disabilities				
Medical Assistance Program	93.778	N/A		87,738
Total Passed through Ohio Department of Developmental Disabilities				87,738
Total All Medicaid Assistance Programs - CFDA #93.778				333,684
Total - U.S. Department of Health and Human Services			72,542	2,050,867
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
<u>Formula Grants for Rural Areas:</u>				
Rural Transit Grant - Operating	20.509	114-RPTF-15-0100		668,670
Rural Transit Grant - Capital		114-RPTF-15-0100		10,505
Rural Transit Grant - Capitalized Maintenance		114-BAFB-15-0200		168,637
Total - Formula Grants for Rural Areas				847,812
<u>Highway Planning and Construction:</u>				
Lime Kiln Terminal Extension	20.205	92212		257,333
Safety Study Agreement		98619		9,720
Total - Highway Planning and Construction				267,053
Bus and Bus Facilities Formula Program	20.526	114-BAFB-15-0200		274,740
State and Community Highway Safety Program	20.600	2015-511		4,156
		2016-526		644
Total - State and Community Highway Safety Program				4,800
National Priority Safety Programs	20.616	2015-426		4,732
		2016-392		1,386
Total - National Priority Safety Programs				6,118
Total - U.S. Department of Transportation			72,542	1,400,523
Total Expenditures of Federal Awards			\$324,054	5,649,070

The accompanying notes are an integral part of this schedule.

OTTAWA COUNTY

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

NOTE 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 Workforce Investment Act, Area 7 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 Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property, business assets including equipment, inventory and receivables, and personal assets.

OTTAWA COUNTY

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

NOTE E - HOME REVOLVING LOAN PROGRAM WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has established a revolving loan program to provide low-interest loans to low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the County, passed through the Ohio Development Services Agency. The initial loan of this money would be recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property.

NOTE F - 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 G - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2015, the County made allowable transfers of \$230,429 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 \$541,470 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	\$771,899
Transfer to Social Services Block Grant	<u>(230,429)</u>
Total Temporary Assistance for Needy Families	<u>\$541,470</u>

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Dave Yost • Auditor of State

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

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1943

To the Board of County Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa 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 September 23, 2016, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2015-002 and 2015-003 to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-001.

County's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2016



Dave Yost • Auditor of State

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

Ottawa County
315 Madison Street
Suite 103
Port Clinton, Ohio 43452-1943

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Ottawa 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 each of the County's major federal programs for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Ottawa County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2016

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(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):	Child Support Enforcement – CFDA #93.563, Temporary Assistance for Needy Families – CFDA # 93.558, Workforce Investment Act (WIA) Cluster – CFDA # 17.258, 17.259, and 17.278, Formula Grants for Rural Areas – CFDA # 20.509
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2015-001

Noncompliance Citation

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code, § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires counties to file annual financial reports which are prepared using generally accepted accounting principles.

As a cost savings measure, the County prepared financial statements on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America. There would be variances on the financial statements between the County's accounting practice and accounting principles generally accepted in the United States of America that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

We recommend the County take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets and debt.

FINDING NUMBER 2015-002

Significant Deficiency – Financial Reporting

Sound financial reporting is the responsibility of the County Auditor and the Board County Commissioners and is essential to ensure the information provided to the readers of the basic financial statements is complete and accurate.

We noted that Original and Final Budgeted Amounts for Budgetary basis disbursements and Other financing sources (uses) in the amount of \$196,997 were reclassified from Human services to Transfers out, respectively, in order to agree authorized budget amounts to the Statement of Cash Receipts, Cash Disbursement and Changes in Fund Cash Balance - Governmental Funds - Budgetary Basis - Job and Family Services Fund.

These errors were not identified and corrected prior to the County preparing its basic financial statements due to deficiencies in the County's internal controls over financial statement monitoring. The accompanying basic financial statements, and where applicable, the County's accounting records have been adjusted to reflect these changes.

**FINDING NUMBER 2015-002
(Continued)**

To ensure the County's basic financial statements are complete and accurate, the County should adopt policies and procedures, including a final review of the basic financial statements by the County Auditor, to identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan

FINDING NUMBER 2015-003

Significant Deficiency - Clerk of Courts Cash Reconciliation and Computer System

In order for management to properly monitor the activity of the Clerk of Courts, transactions must be posted in a timely manner and the bank accounts must be reconciled timely to detect errors. The monthly reconciliation of bank account balances to the Benchmark system is an important method in detecting errors in the postings of revenues and disbursements and bank account records. After the reconciliation is completed, any errors found should be immediately corrected and month end financial information should be generated by the Clerk of Courts or a designated employee.

We noted the following weaknesses in the reconciliation process at the Clerk of Courts:

- The Clerk of Courts has not reconciled the bank accounts correctly since the Court started using the Benchmark system in June of 2015;
- Ending balances per the prior system were not input into the Benchmark system;
- The Benchmark system was not able to generate a bond listing report (open items list); and
- Amounts collected per the Benchmark system did not agree to amounts remitted to various payees. The variances between amounts collected and amounts paid are attributable to the incorrect set-up of the Benchmark system.

These deficiencies were caused by The Clerk of Courts lacking sufficient monitoring over the implementation of the new system, the lack of a policy relating to reconciling bank to book monthly, and the lack of general monitoring controls. The lack of proper bank reconciliations could result in posting errors or irregularities not being detected by management in a timely manner.

**FINDING NUMBER 2015-003
(Continued)**

In an effort to help ensure financial activity of the Clerk of Courts is being properly accounted for and reported, we recommend:

- The Clerk of Courts ensure beginning balances from the old system are entered to Benchmark system;
- The Clerk of Courts ensure the Benchmark system is properly set up, including periodic monitoring of standing data and output information;
- The Clerk of Courts, or designated employee(s), reconcile the bank accounts to the balance of the open items list each month and any variances be immediately investigated and corrected; and
- Someone other than person performing reconciliation periodically verify items appearing on the monthly bank reconciliation, including, but not limited to authentication of bank account balances, outstanding checks, open items, and deposits in transit. The monthly bank reconciliations should be reviewed, initialed, and approved.

Officials' Response:

The Clerk of Courts acknowledges that the bank statements are not being reconciled to a Monies on Deposit Report because the new case management system, to date, cannot provide a beginning balance on funds.

OTTAWA COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code 117.38 and Ohio Admin. Code § 117-2-03(B) for not filing financial report on a GAAP basis	Not Corrected and reissued as Finding 2015-001 in this report.	The County is aware of the requirements to file on a GAAP basis. However, the County does not believe this method of financial reporting is cost efficient and will continue to report on a basis of accounting other than GAAP.
2014-002	45 CFR 92.20(3) for management failing to implement approved policies and procedures to approve and review PRC applications	Corrective action taken and finding is fully corrected	

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OTTAWA COUNTY

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	No planned corrective action, as management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets and debt.	N/A	N/A
2015-002	<p>The County hires an outside financial consultant (Julian & Grube) to prepare the annual financial statements and budgetary schedules. The classification error on the budgetary statement was due to a manual process involved in categorizing transfers and advances. To prevent this in future reports, the County will provide additional reports to the consultant that summarizes the information and automates the process. The County will continue to review all financial information prepared by the consultant prior to filing of the annual report.</p> <p>Additionally, Julian & Grube will implement an additional level of review on the budgetary schedule presentation to prevent future misstatements. In addition, any budgetary information that appears to be in violation of ORC will be discussed with the County prior to filing the financial statements with the Ohio Auditor of State.</p>	January 1, 2017	Lawrence Hartlaub, Ottawa County Auditor
2015-003	The Clerk of Courts has been and will continue working with Benchmark to create a Monies on Deposit Report.	December 31, 2016	Gary Kohli, Clerk of Courts

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Dave Yost • Auditor of State

OTTAWA 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
OCTOBER 6, 2016