



Dave Yost • Auditor of State

**OTTAWA COUNTY
DECEMBER 31, 2016**

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DECEMBER 31, 2016**

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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, 2016, 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, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, 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 21, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 21, 2017

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OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 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, 2016. 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 2016 are as follows:

- In total, net cash position decreased \$559,539, which represents a 1.21% decrease from 2015.
- The 2016 General fund cash receipts and other financing sources of \$20,484,594 exceeded cash disbursements and other financing uses of \$19,094,233 by \$1,390,361, which represents a 47.26% increase from 2015. Of the \$19,094,233 in General fund cash disbursements, \$2,422,239 represents transfers to other funds. The 2016 General fund beginning cash balance was \$2,941,858, whereas the ending cash balance was \$4,332,219.
- The County's major governmental funds include the General fund, the Road and Bridge fund and the Board of Developmental Disabilities 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, and Board of Developmental Disabilities.

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, 2016 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 2016?" 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 funds 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 and Board of Developmental Disabilities funds.

OTTAWA COUNTY, OHIO

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

Government-Wide Financial Analysis

The table below provides a summary of the County's net cash position for 2016 and 2015.

	Net Cash Position					
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2016 Total	2015 Total
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2016 Total</u>	<u>2015 Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 24,310,957	\$ 13,997,319	\$ 25,385,219	\$ 14,591,759	\$ 38,308,276	\$ 39,976,978
Cash in segregated accounts	193,400	10,929	179,109	60,740	204,329	239,849
Restricted equity in pooled cash and cash equivalents	<u>79,469</u>	<u>6,949,453</u>	<u>91,522</u>	<u>5,792,717</u>	<u>7,028,922</u>	<u>5,884,239</u>
Total assets	<u>24,583,826</u>	<u>20,957,701</u>	<u>25,655,850</u>	<u>20,445,216</u>	<u>45,541,527</u>	<u>46,101,066</u>
<u>Net Cash Position</u>						
Restricted	16,409,558	7,169,908	15,946,820	5,792,717	23,579,466	21,739,537
Unrestricted	<u>8,174,268</u>	<u>13,787,793</u>	<u>9,709,030</u>	<u>14,652,499</u>	<u>21,962,061</u>	<u>24,361,529</u>
Total net cash position	<u>\$ 24,583,826</u>	<u>\$ 20,957,701</u>	<u>\$ 25,655,850</u>	<u>\$ 20,445,216</u>	<u>\$ 45,541,527</u>	<u>\$ 46,101,066</u>

The total net cash position of the County decreased \$559,539. Net cash position of governmental activities decreased \$1,072,024, which represents a 4.18% decrease from the 2015 balance. Net cash position of business-type activities increased \$512,485, or 2.51% from 2015.

A portion of the County's governmental activities net cash position, \$16,409,558, 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 \$8,174,268 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, 2016
UNAUDITED**

The table below shows the changes in net cash position for 2016 and 2015.

	Change in Net Cash Position					
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2016 Total	2015 Total
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>		
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 9,438,323	\$ 19,429,779	\$ 8,946,842	\$ 19,677,801	\$ 28,868,102	\$ 28,624,643
Operating grants and contributions	11,672,826	89,335	11,715,780	115,189	11,762,161	11,830,969
Capital grants and contributions	<u>2,534,962</u>	<u>-</u>	<u>1,446,072</u>	<u>-</u>	<u>2,534,962</u>	<u>1,446,072</u>
Total program receipts	<u>23,646,111</u>	<u>19,519,114</u>	<u>22,108,694</u>	<u>19,792,990</u>	<u>43,165,225</u>	<u>41,901,684</u>
General receipts:						
Property taxes	8,911,120	846,712	7,831,198	796,800	9,757,832	8,627,998
Sales taxes	8,316,384	-	8,358,460	-	8,316,384	8,358,460
Other local taxes	540,070	-	526,074	-	540,070	526,074
Unrestricted grants	1,488,074	-	1,441,482	-	1,488,074	1,441,482
Proceeds of loans	868,203	301,256	58,680	23,863	1,169,459	82,543
Proceeds of capital lease transaction	10,968	-	-	-	10,968	-
Proceeds of bonds	1,770,000	4,450,000	-	-	6,220,000	-
Premium on bonds	91,681	295,744	-	-	387,425	-
Investment receipts	418,834	-	334,634	-	418,834	334,634
Miscellaneous	<u>3,345,959</u>	<u>216,084</u>	<u>2,496,870</u>	<u>313,116</u>	<u>3,562,043</u>	<u>2,809,986</u>
Total general receipts	<u>25,761,293</u>	<u>6,109,796</u>	<u>21,047,398</u>	<u>1,133,779</u>	<u>31,871,089</u>	<u>22,181,177</u>
Total receipts	<u><u>49,407,404</u></u>	<u><u>25,628,910</u></u>	<u><u>43,156,092</u></u>	<u><u>20,926,769</u></u>	<u><u>75,036,314</u></u>	<u><u>64,082,861</u></u>

OTTAWA COUNTY, OHIO

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

Change in Net Cash Position - Continued

	Governmental Activities <u>2016</u>	Business-Type Activities <u>2016</u>	Governmental Activities <u>2015</u>	Business-Type Activities <u>2015</u>	2016 <u>Total</u>	2015 <u>Total</u>
Cash Disbursements:						
General government:						
Legislative and executive	5,694,099	-	5,354,236	-	5,694,099	5,354,236
Judicial	3,313,639	-	3,429,918	-	3,313,639	3,429,918
Public safety	8,184,913	-	7,593,895	-	8,184,913	7,593,895
Public works	4,491,253	-	5,362,008	-	4,491,253	5,362,008
Health	224,576	-	242,281	-	224,576	242,281
Human services	16,813,619	-	15,223,914	-	16,813,619	15,223,914
Conservation and recreation	9,368	-	17,101	-	9,368	17,101
Economic development	189,523	-	15,034	-	189,523	15,034
Other	483,333	-	791,693	-	483,333	791,693
Capital outlay	7,328,343	-	3,952,663	-	7,328,343	3,952,663
Debt service:						
Principal retirement	1,689,713	-	1,705,642	-	1,689,713	1,705,642
Interest and fiscal charges	338,847	-	411,329	-	338,847	411,329
Bond issuance costs	39,327	-	-	-	39,327	-
Payment to refunded bond escrow	1,820,612	-	-	-	1,820,612	-
Riverview nursing home	-	10,730,956	-	10,076,867	10,730,956	10,076,867
Danbury sewer operations	-	2,017,610	-	2,047,055	2,017,610	2,047,055
Regional water operations	-	4,749,055	-	4,711,362	4,749,055	4,711,362
Catawba portage sewer	-	6,958,959	-	2,108,001	6,958,959	2,108,001
Nonmajor enterprise	-	518,108	-	127,550	518,108	127,550
Total cash disbursements	<u>50,621,165</u>	<u>24,974,688</u>	<u>44,099,714</u>	<u>19,070,835</u>	<u>75,595,853</u>	<u>63,170,549</u>
Advances	252,505	(252,505)	(186,867)	186,867	-	-
Transfers	<u>(110,768)</u>	<u>110,768</u>	<u>(91,090)</u>	<u>91,090</u>	<u>-</u>	<u>-</u>
Change in net cash position	(1,072,024)	512,485	(1,221,579)	2,133,891	(559,539)	912,312
Net cash position						
at beginning 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>
Net cash position at end of year	<u>\$ 24,583,826</u>	<u>\$ 20,957,701</u>	<u>\$ 25,655,850</u>	<u>\$ 20,445,216</u>	<u>\$ 45,541,527</u>	<u>\$ 46,101,066</u>

Governmental Activities

Governmental net cash position decreased by \$1,072,024 in 2016 from 2015's balance.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2016, general government cash disbursements totaled \$9,007,738 or 17.79%, of total governmental activities cash disbursements. General government programs were supported by \$3,039,984 in direct charges to users and \$98,744 in operating grants and contributions.

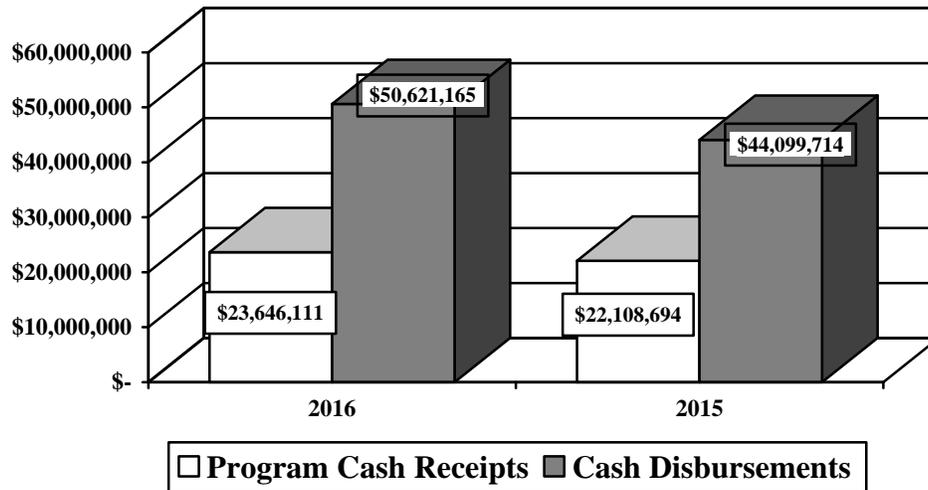
The County's human services programs accounted for \$16,813,619, or 33.21%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$1,925,255 in direct charges to users and \$6,653,941 in operating grants and contributions.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
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 2016 and 2015. 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 2016 and 2015.

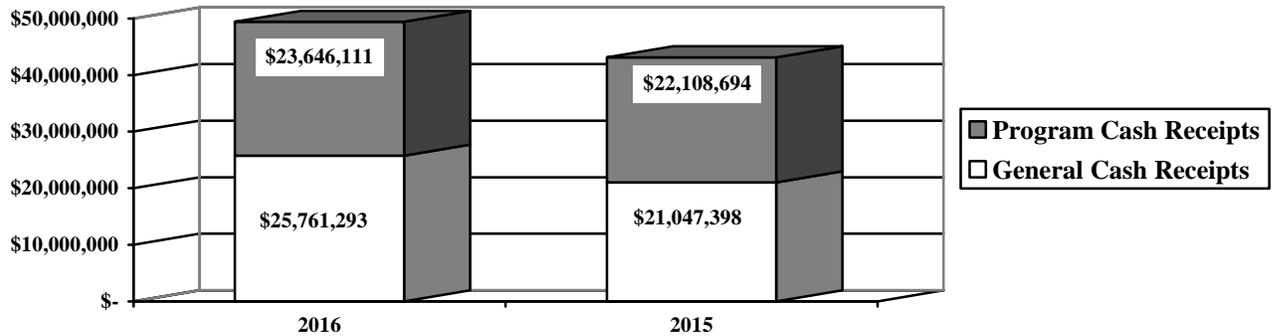
	Governmental Activities			
	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Cash disbursements:				
General government:				
Legislative and executive	\$ 5,694,099	\$ 3,704,351	\$ 5,354,236	\$ 3,390,864
Judicial	3,313,639	2,164,659	3,429,918	2,317,551
Public safety	8,184,913	5,816,160	7,593,895	5,269,781
Public works	4,491,253	11,269	5,362,008	499,085
Health	224,576	29,698	242,281	48,668
Human services	16,813,619	8,234,423	15,223,914	6,813,050
Conservation and recreation	9,368	1,262	17,101	151
Economic development	189,523	59,599	15,034	4,416
Other	483,333	483,333	791,693	716,615
Capital outlay	7,328,343	3,915,376	3,952,663	2,149,106
Debt service:				
Principal retirement	1,689,713	1,689,713	1,705,642	1,705,642
Interest and fiscal charges	338,847	(994,728)	411,329	(923,909)
Bond issuance costs	39,327	39,327	-	-
Payment to refunded bond escrow	1,820,612	1,820,612	-	-
Total	<u>\$ 50,621,165</u>	<u>\$ 26,975,054</u>	<u>\$ 44,099,714</u>	<u>\$ 21,991,020</u>

OTTAWA COUNTY, OHIO

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

The dependence upon general cash receipts for governmental activities is apparent, with 53.29% of cash disbursements supported through taxes and other general cash receipts during 2016.

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, 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 \$25,628,910, cash disbursements (both operating and non-operating) of \$24,974,688, advances in of \$10,524, advances out of \$263,029, transfers in of \$290,887 and transfers out of \$180,119 for 2016. The net cash position of the programs increased \$512,485 from 2015.

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 \$24,198,792, which is \$620,581 below last year's balance of \$24,819,373.

OTTAWA COUNTY, OHIO

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

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2016 and December 31, 2015 for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2016</u>	<u>Fund Cash Balance</u> <u>December 31, 2015</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 4,332,219	\$ 2,941,858	\$ 1,390,361
Road and Bridge	2,895,215	2,589,174	306,041
Board of Developmental Disabilities	6,099,407	6,581,485	(482,078)
Other Nonmajor Governmental Funds	<u>10,871,951</u>	<u>12,706,856</u>	<u>(1,834,905)</u>
Total	<u>\$ 24,198,792</u>	<u>\$ 24,819,373</u>	<u>\$ (620,581)</u>

General Fund

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$20,484,594 in 2016. The cash disbursements and other financing uses of the General fund totaled \$19,094,233 in 2016. Of the \$19,094,233 in General fund cash disbursements and other financing uses, \$2,422,239 represents transfers to other funds. The General fund's cash balance increased \$1,390,361 from the 2015 balance.

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>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 11,859,279	\$ 11,558,223	2.60 %
Charges for services	2,272,793	2,118,852	7.27 %
Licenses and permits	179,357	235,430	(23.82) %
Fines and forfeitures	384,616	422,302	(8.92) %
Intergovernmental	1,488,074	1,441,482	3.23 %
Investment income	418,834	334,634	25.16 %
Rental income	34,665	33,671	2.95 %
Reimbursements	449,836	353,549	27.23 %
Other	<u>1,160,148</u>	<u>843,003</u>	37.62 %
Total	<u>\$ 18,247,602</u>	<u>\$ 17,341,146</u>	5.23 %

Tax receipts increased during 2016 due to an increase in the collection of property tax receipts. Charges for services increased due primarily to the increase in receipts related to auditor and court fees. Receipts related to licenses and permits decreased due to the decrease in commercial permits. Other receipts increased due to an increase in miscellaneous refunds and reimbursements. All other receipts remained comparable to the prior year.

OTTAWA COUNTY, OHIO

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

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

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government:			
Legislative and executive	\$ 4,353,739	\$ 4,340,050	0.32 %
Judicial	2,864,044	2,708,620	5.74 %
Public safety	6,504,992	5,940,347	9.51 %
Public works	470,282	367,492	27.97 %
Health	85,889	74,911	14.65 %
Human services	1,384,497	865,210	60.02 %
Other	453,486	679,784	(33.29) %
Debt service	-	1,162	(100.00) %
Total	<u>\$ 16,116,929</u>	<u>\$ 14,977,576</u>	7.61 %

Public works disbursements increased due to an increase in costs related to the engineer's department. 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 \$6,396,718 in 2016. The Road and Bridge fund had cash disbursements and other financing uses of \$6,090,677 in 2016. The Road and Bridge fund cash balance increased \$306,041 from 2015 to 2016. This increase was due to a decrease in expenses related to public works.

Board of Developmental Disabilities Fund

The Board of Developmental Disabilities fund, a major fund, had cash receipts of \$6,334,895 in 2016. The fund had cash disbursements and other financing uses of \$6,816,973 in 2016. The fund cash balance decreased \$482,078 from 2015 to 2016. This decrease was due to slightly decreasing expenses exceeding revenues.

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.

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 \$16,369,526 were increased to \$18,602,114 in the final budget. The budgetary receipt variances can be attributed to an increase in budgeted property taxes and sales taxes. Actual revenues of \$20,011,013 were \$1,408,899 higher than final budgeted estimates. Original appropriations of \$16,365,795 were increased to \$19,283,362 in the final budget. Actual disbursements of \$19,196,740 were \$86,622 higher than the final budget. The variances between budgeted and actual disbursements can be attributed to not having to budget for advances between funds since they are to be repaid.

OTTAWA COUNTY, OHIO

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

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 \$7,328,343 for governmental activities and \$988,222 for business-type activities during 2016.

Debt Administration

At December 31, 2016, the County had \$4,055,000 in general obligation bonds, \$4,294,486 in Ohio Water Development Authority (OWDA) Loans, \$946,535 in Ohio Public Works Commission (OPWC) loans and \$492,496 in loans payable outstanding related to governmental activities. For business-type activities, there was \$6,855,000 in general obligation bonds, \$236,000 in special assessment bonds, \$971,493 in OPWC loans, \$1,124,211 in Ohio Water and Sewer Loans, \$775,751 Ohio EPA loans, and \$18,742,705 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 2016 census is 41,434

The County's unemployment rate as of December 31, 2016 is 7.5%, compared to the 4.7% State average and the 4.7% national average.

These economic factors were considered in preparing the County's budgets for 2016. 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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash, cash equivalents, and investments . .	\$ 24,310,957	\$ 13,997,319	\$ 38,308,276
Cash in segregated accounts	193,400	10,929	204,329
Restricted assets:			
Equity in pooled cash, cash equivalents, and investments .	79,469	6,949,453	7,028,922
Total assets.	<u>24,583,826</u>	<u>20,957,701</u>	<u>45,541,527</u>
Net position:			
Restricted for:			
Capital projects	466,999	-	466,999
Debt service.	27,885	-	27,885
Public safety programs	1,443,060	-	1,443,060
Public works projects	3,576,108	-	3,576,108
Health services	211,962	-	211,962
Human services programs.	8,710,867	-	8,710,867
Economic development	32,170	-	32,170
Repairs and replacements	-	6,862,747	6,862,747
Revenue bond current debt service.	-	86,706	86,706
Revenue bond future debt service	-	220,455	220,455
Other purposes	1,940,507	-	1,940,507
Unrestricted	<u>8,174,268</u>	<u>13,787,793</u>	<u>21,962,061</u>
Total cash position.	<u>\$ 24,583,826</u>	<u>\$ 20,957,701</u>	<u>\$ 45,541,527</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

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

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 5,694,099	\$ 1,989,748	\$ -	\$ -
Judicial	3,313,639	1,050,236	98,744	-
Public safety	8,184,913	1,443,755	924,998	-
Public works	4,491,253	622,206	3,857,778	-
Health	224,576	194,878	-	-
Human services	16,813,619	1,925,255	6,653,941	-
Conservation and recreation	9,368	-	8,106	-
Economic development and assistance	189,523	665	129,259	-
Other	483,333	-	-	-
Capital outlay	7,328,343	878,005	-	2,534,962
Debt service:				
Principal retirement	1,689,713	-	-	-
Interest and fiscal charges	338,847	1,333,575	-	-
Bond issuance costs	39,327	-	-	-
Payment to refunded bond escrow	1,820,612	-	-	-
Total governmental activities	<u>50,621,165</u>	<u>9,438,323</u>	<u>11,672,826</u>	<u>2,534,962</u>
Business-type activities:				
Riverview nursing home	10,730,956	9,398,800	89,335	-
Danbury sewer operations	2,017,610	2,404,113	-	-
Regional water operations	4,749,055	5,322,739	-	-
Catawba portage sewer	6,958,959	2,149,548	-	-
Nonmajor enterprise funds	518,108	154,579	-	-
Total business-type activities	<u>24,974,688</u>	<u>19,429,779</u>	<u>89,335</u>	<u>-</u>
Total primary government	<u>\$ 75,595,853</u>	<u>\$ 28,868,102</u>	<u>\$ 11,762,161</u>	<u>\$ 2,534,962</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	
Proceeds of capital lease transaction	
Proceeds of bonds	
Premium on bonds	
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**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,704,351)	\$ -	\$ (3,704,351)
(2,164,659)	-	(2,164,659)
(5,816,160)	-	(5,816,160)
(11,269)	-	(11,269)
(29,698)	-	(29,698)
(8,234,423)	-	(8,234,423)
(1,262)	-	(1,262)
(59,599)	-	(59,599)
(483,333)	-	(483,333)
(3,915,376)	-	(3,915,376)
(1,689,713)	-	(1,689,713)
994,728	-	994,728
(39,327)	-	(39,327)
(1,820,612)	-	(1,820,612)
<u>(26,975,054)</u>	<u>-</u>	<u>(26,975,054)</u>
-	(1,242,821)	(1,242,821)
-	386,503	386,503
-	573,684	573,684
-	(4,809,411)	(4,809,411)
-	(363,529)	(363,529)
<u>-</u>	<u>(5,455,574)</u>	<u>(5,455,574)</u>
<u>(26,975,054)</u>	<u>(5,455,574)</u>	<u>(32,430,628)</u>
3,542,895	-	3,542,895
4,550,565	-	4,550,565
817,660	-	817,660
-	846,712	846,712
8,316,384	-	8,316,384
540,070	-	540,070
1,488,074	-	1,488,074
868,203	301,256	1,169,459
10,968	-	10,968
1,770,000	4,450,000	6,220,000
91,681	295,744	387,425
418,834	-	418,834
3,345,959	216,084	3,562,043
<u>25,761,293</u>	<u>6,109,796</u>	<u>31,871,089</u>
252,505	(252,505)	-
(110,768)	110,768	-
<u>25,903,030</u>	<u>5,968,059</u>	<u>31,871,089</u>
(1,072,024)	512,485	(559,539)
<u>25,655,850</u>	<u>20,445,216</u>	<u>46,101,066</u>
<u>\$ 24,583,826</u>	<u>\$ 20,957,701</u>	<u>\$ 45,541,527</u>

OTTAWA COUNTY, OHIO

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 4,069,247	\$ 2,895,215	\$ 6,099,407	\$ 10,862,054	\$ 23,925,923
Cash in segregated accounts.	183,503	-	-	9,897	193,400
Restricted assets:					
Equity in pooled cash and cash equivalents	79,469	-	-	-	79,469
Total assets	<u>\$ 4,332,219</u>	<u>\$ 2,895,215</u>	<u>\$ 6,099,407</u>	<u>\$ 10,871,951</u>	<u>\$ 24,198,792</u>
Fund cash balances:					
Nonspendable.	\$ 79,469	\$ -	\$ -	\$ -	\$ 79,469
Restricted	-	2,895,215	6,099,407	7,414,936	16,409,558
Committed.	537,768	-	-	3,457,015	3,994,783
Assigned.	602,614	-	-	-	602,614
Unassigned.	3,112,368	-	-	-	3,112,368
Total fund balances	<u>\$ 4,332,219</u>	<u>\$ 2,895,215</u>	<u>\$ 6,099,407</u>	<u>\$ 10,871,951</u>	<u>\$ 24,198,792</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - CASH BASIS
DECEMBER 31, 2016**

Total governmental fund balances \$ 24,198,792

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

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.

385,034

Net position of governmental activities \$ 24,583,826

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, 2016

	<u>General</u>	<u>Road and Bridge</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:					
Property taxes	\$ 3,542,895	\$ -	\$ 4,550,565	\$ 817,660	\$ 8,911,120
Sales taxes	8,316,384	-	-	-	8,316,384
Other local taxes	-	486,962	44,839	8,269	540,070
Charges for services	2,272,793	225,704	109,405	2,876,666	5,484,568
Licenses and permits	179,357	16,100	-	250,419	445,876
Fines and forfeitures	384,616	18,884	-	12,617	416,117
Intergovernmental	1,488,074	3,743,654	1,591,869	8,872,265	15,695,862
Special assessments	-	-	-	2,260,873	2,260,873
Investment income	418,834	-	-	-	418,834
Rental income	34,665	-	-	75,490	110,155
Reimbursements	449,836	-	-	270,898	720,734
Davis Besse Lease Agreement	-	-	-	179,991	179,991
First Energy Public Radio Agreement	-	-	-	216,336	216,336
Other	1,160,148	2,836	38,217	1,698,824	2,900,025
Total cash receipts	<u>18,247,602</u>	<u>4,494,140</u>	<u>6,334,895</u>	<u>17,540,308</u>	<u>46,616,945</u>
Cash disbursements:					
Current:					
General government:					
Legislative and executive	4,353,739	-	-	1,265,712	5,619,451
Judicial	2,864,044	-	-	396,763	3,260,807
Public safety	6,504,992	-	-	1,558,730	8,063,722
Public works	470,282	3,701,780	-	279,250	4,451,312
Health	85,889	-	-	137,743	223,632
Human services	1,384,497	-	6,616,973	8,645,917	16,647,387
Conservation and recreation	-	-	-	9,368	9,368
Economic development and assistance	-	-	-	189,523	189,523
Other	453,486	-	-	29,847	483,333
Capital outlay	-	-	-	7,328,343	7,328,343
Debt service:					
Principal retirement	-	71,987	-	1,617,726	1,689,713
Interest and fiscal charges	-	13,711	-	325,136	338,847
Bond issuance costs	-	-	-	39,327	39,327
Total cash disbursements	<u>16,116,929</u>	<u>3,787,478</u>	<u>6,616,973</u>	<u>21,823,385</u>	<u>48,344,765</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>2,130,673</u>	<u>706,662</u>	<u>(282,078)</u>	<u>(4,283,077)</u>	<u>(1,727,820)</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	1,770,000	1,770,000
Loan proceeds	-	-	-	868,203	868,203
Premium on bonds	-	-	-	91,681	91,681
Payment to refunded bond escrow	-	-	-	(1,820,612)	(1,820,612)
Proceeds from capital lease transaction	-	-	-	10,968	10,968
Sale of capital assets	11,415	11,518	-	-	22,933
Other financing sources	-	-	-	26,674	26,674
Advances in	2,163,371	1,868,340	-	2,070,237	6,101,948
Advances out	(555,065)	(2,303,199)	-	(2,991,179)	(5,849,443)
Transfers in	62,206	22,720	-	3,907,795	3,992,721
Transfers out	(2,422,239)	-	(200,000)	(1,485,595)	(4,107,834)
Total other financing sources (uses)	<u>(740,312)</u>	<u>(400,621)</u>	<u>(200,000)</u>	<u>2,448,172</u>	<u>1,107,239</u>
Net change in fund balances - cash basis	1,390,361	306,041	(482,078)	(1,834,905)	(620,581)
Fund balances - cash basis, January 1	<u>2,941,858</u>	<u>2,589,174</u>	<u>6,581,485</u>	<u>12,706,856</u>	<u>24,819,373</u>
Fund balances - cash basis, December 31	<u>\$ 4,332,219</u>	<u>\$ 2,895,215</u>	<u>\$ 6,099,407</u>	<u>\$ 10,871,951</u>	<u>\$ 24,198,792</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2016**

Net change in fund balance - cash basis - total governmental funds \$ (620,581)

*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.

(451,443)

Change in net position of governmental activities

\$ (1,072,024)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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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, 2016

	<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	\$ 3,284,000	\$ 3,731,894	\$ 3,542,895	\$ (188,999)
Sales taxes	7,600,000	8,636,540	8,316,384	(320,156)
Charges for services	1,659,310	1,885,617	1,821,816	(63,801)
Licenses and permits.	178,300	202,618	179,357	(23,261)
Fines and forfeitures.	426,900	485,125	384,616	(100,509)
Intergovernmental	1,364,180	1,550,236	1,488,074	(62,162)
Investment income	360,000	409,100	418,834	9,734
Rental income	32,000	36,364	34,665	(1,699)
Reimbursements.	449,836	511,188	449,836	(61,352)
Other	427,000	485,237	1,137,188	651,951
Total budgetary basis receipts	<u>15,781,526</u>	<u>17,933,919</u>	<u>17,773,665</u>	<u>(160,254)</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	4,456,557	4,863,045	4,595,636	267,409
Judicial.	2,614,789	2,779,597	2,674,162	105,435
Public safety	5,962,866	6,480,268	6,393,098	87,170
Public works	435,017	563,221	470,238	92,983
Health	75,417	125,509	102,860	22,649
Human services	850,798	1,460,415	1,399,643	60,772
Other	454,050	454,000	453,799	201
Total budgetary basis disbursements.	<u>14,849,494</u>	<u>16,726,055</u>	<u>16,089,436</u>	<u>636,619</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>932,032</u>	<u>1,207,864</u>	<u>1,684,229</u>	<u>476,365</u>
Other financing sources (uses):				
Transfers in	182,000	206,822	62,206	(144,616)
Transfers out.	(1,516,301)	(2,557,307)	(2,552,239)	5,068
Advances in	400,000	454,555	2,163,727	1,709,172
Advances out	-	-	(555,065)	(555,065)
Sale of capital assets.	6,000	6,818	11,415	4,597
Total other financing sources (uses)	<u>(928,301)</u>	<u>(1,889,112)</u>	<u>(869,956)</u>	<u>1,019,156</u>
Net change in fund balance - budgetary basis	3,731	(681,248)	814,273	1,495,521
Fund balance, January 1	1,370,193	1,370,193	1,370,193	-
Prior year encumbrances appropriated	397,399	397,399	397,399	-
Fund balance, December 31	<u>\$ 1,771,323</u>	<u>\$ 1,086,344</u>	<u>\$ 2,581,865</u>	<u>\$ 1,495,521</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Other local taxes	\$ 328,457	\$ 450,000	\$ 486,962	\$ 36,962
Charges for services	672,242	921,000	225,704	(695,296)
Licenses and permits	5,840	8,000	16,100	8,100
Fines and forfeitures.	7,299	10,000	18,884	8,884
Intergovernmental	2,664,153	3,650,000	3,743,654	93,654
Other.	1,363,710	1,868,340	2,836	(1,865,504)
Total budgetary basis receipts.	<u>5,041,701</u>	<u>6,907,340</u>	<u>4,494,140</u>	<u>(2,413,200)</u>
Budgetary basis disbursements:				
Current:				
Public works	7,229,496	7,514,436	4,276,599	3,237,837
Debt service:				
Principal retirement	489,346	89,346	71,987	17,359
Interest and fiscal charges	35,000	35,000	13,711	21,289
Total budgetary basis disbursements	<u>7,753,842</u>	<u>7,638,782</u>	<u>4,362,297</u>	<u>3,276,485</u>
Excess of budgetary basis receipts over (under) budgetary basis receipts disbursements	<u>(2,712,141)</u>	<u>(731,442)</u>	<u>131,843</u>	<u>863,285</u>
Other financing sources (uses):				
Sale of capital assets.	-	-	11,518	11,518
Transfers in	7,299	10,000	22,720	12,720
Advances in	-	-	1,868,340	1,868,340
Advances out	-	(1,000,000)	(2,303,199)	(1,303,199)
Total other financing sources (uses)	<u>7,299</u>	<u>(990,000)</u>	<u>(400,621)</u>	<u>589,379</u>
Net change in fund balance - budgetary basis	(2,704,842)	(1,721,442)	(268,778)	1,452,664
Fund balance, January 1	2,307,994	2,307,994	2,307,994	-
Prior year encumbrances appropriated	281,180	281,180	281,180	-
Fund balance, December 31	<u>\$ (115,668)</u>	<u>\$ 867,732</u>	<u>\$ 2,320,396</u>	<u>\$ 1,452,664</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Property taxes	\$ 4,100,000	\$ 4,100,000	\$ 4,550,565	\$ 450,565
Other local taxes.	40,000	40,000	44,839	4,839
Charges for services.	300,000	300,000	109,405	(190,595)
Intergovernmental.	750,000	750,000	1,591,869	841,869
Other	17,600	17,600	38,217	20,617
Total budgetary basis receipts	<u>5,207,600</u>	<u>5,207,600</u>	<u>6,334,895</u>	<u>1,127,295</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>7,832,194</u>	<u>8,235,823</u>	<u>6,925,529</u>	<u>1,310,294</u>
Excess of budgetary basis disbursements over budgetary basis receipts.	<u>(2,624,594)</u>	<u>(3,028,223)</u>	<u>(590,634)</u>	<u>2,437,589</u>
Other financing uses:				
Transfers out.	<u>(250,000)</u>	<u>(240,000)</u>	<u>(200,000)</u>	<u>40,000</u>
Net change in fund balance - budgetary basis . . .	(2,874,594)	(3,268,223)	(790,634)	2,477,589
Fund balance, January 1	6,247,291	6,247,291	6,247,291	-
Prior year encumbrances appropriated	<u>334,194</u>	<u>334,194</u>	<u>334,194</u>	<u>-</u>
Fund balance, December 31	<u>\$ 3,706,891</u>	<u>\$ 3,313,262</u>	<u>\$ 5,790,851</u>	<u>\$ 2,477,589</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2016

	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	\$ 1,951,973	\$ 1,920,233	\$ 8,437,224	\$ 1,547,440
Cash in segregated accounts	2,301	-	-	8,628
Restricted assets:				
Equity in pooled cash and cash equivalents	-	4,210,860	-	2,738,593
Total assets.	<u>1,954,274</u>	<u>6,131,093</u>	<u>8,437,224</u>	<u>4,294,661</u>
Net position:				
Restricted for:				
Repairs and replacements	-	4,210,860	-	2,651,887
Revenue bond current debt service. . .	-	-	-	86,706
Revenue bond future debt service . . .	-	-	-	220,455
Unrestricted	<u>1,954,274</u>	<u>1,920,233</u>	<u>8,437,224</u>	<u>1,335,613</u>
Total net position.	<u>\$ 1,954,274</u>	<u>\$ 6,131,093</u>	<u>\$ 8,437,224</u>	<u>\$ 4,294,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 140,449	\$ 13,997,319	\$ 385,034
-	10,929	-
-	6,949,453	-
<u>140,449</u>	<u>20,957,701</u>	<u>385,034</u>
-	6,862,747	-
-	86,706	-
-	220,455	-
140,449	13,787,793	385,034
<u>\$ 140,449</u>	<u>\$ 20,957,701</u>	<u>\$ 385,034</u>

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Operating receipts:				
Charges for services	\$ 9,398,800	\$ 2,404,113	\$ 5,313,780	\$ 2,103,765
Other	36,177	17,131	82,093	37,219
Total operating receipts.	<u>9,434,977</u>	<u>2,421,244</u>	<u>5,395,873</u>	<u>2,140,984</u>
Operating disbursements:				
Personal services	6,647,398	861,911	1,560,851	794,333
Contract services	2,178,147	287,829	472,961	316,866
Materials and supplies	782,615	170,421	422,472	188,936
Capital outlay.	816,845	24,949	27,299	84,069
Claims	-	-	-	-
Other	186,063	117,902	176,733	314,678
Total operating disbursements.	<u>10,611,068</u>	<u>1,463,012</u>	<u>2,660,316</u>	<u>1,698,882</u>
Operating income (loss).	<u>(1,176,091)</u>	<u>958,232</u>	<u>2,735,557</u>	<u>442,102</u>
Nonoperating receipts (disbursements):				
Debt service:				
Principal retirement	(115,000)	(432,668)	(1,682,821)	(344,094)
Interest and fiscal charges.	(4,888)	(121,930)	(405,918)	(174,921)
Bond proceeds	-	-	-	4,450,000
Premium on bonds	-	-	-	295,744
Bond issuance costs.	-	-	-	(98,873)
Loan proceeds	-	-	-	-
Intergovernmental receipts	89,335	-	-	-
Property tax receipts.	846,712	-	-	-
Special assessment receipts	-	-	8,959	45,783
Payment to refunded bond escrow agent	-	-	-	(4,642,189)
Other nonoperating revenues	-	24,966	9,401	9,097
Total nonoperating receipts (disbursements).	<u>816,159</u>	<u>(529,632)</u>	<u>(2,070,379)</u>	<u>(459,453)</u>
Income (loss) before transfers and advances.	<u>(359,932)</u>	<u>428,600</u>	<u>665,178</u>	<u>(17,351)</u>
Transfers in.	10,973	155,199	50,574	21,243
Transfers out	-	(52,205)	(102,974)	(8,772)
Advances in	-	9,625	-	-
Advances out.	-	(10,175)	-	-
Change in net position.	<u>(348,959)</u>	<u>531,044</u>	<u>612,778</u>	<u>(4,880)</u>
Net position at beginning of year	<u>2,303,233</u>	<u>5,600,049</u>	<u>7,824,446</u>	<u>4,299,541</u>
Net position at end of year	<u>\$ 1,954,274</u>	<u>\$ 6,131,093</u>	<u>\$ 8,437,224</u>	<u>\$ 4,294,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
\$ -	\$ 19,220,458	\$ 6,303,837
-	172,620	4,795
-	19,393,078	6,308,632
5,773	9,870,266	-
338,497	3,594,300	809,055
-	1,564,444	-
35,060	988,222	-
-	-	5,955,365
22	795,398	-
379,352	16,812,630	6,764,420
(379,352)	2,580,448	(455,788)
(119,998)	(2,694,581)	-
(18,758)	(726,415)	-
-	4,450,000	-
-	295,744	-
-	(98,873)	-
301,256	301,256	-
-	89,335	-
-	846,712	-
154,579	209,321	-
-	(4,642,189)	-
-	43,464	-
317,079	(1,926,226)	-
(62,273)	654,222	(455,788)
52,898	290,887	72,141
(16,168)	(180,119)	(67,796)
899	10,524	-
(252,854)	(263,029)	-
(277,498)	512,485	(451,443)
417,947	20,445,216	836,477
<u>\$ 140,449</u>	<u>\$ 20,957,701</u>	<u>\$ 385,034</u>

OTTAWA COUNTY, OHIO

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
AGENCY FUNDS
DECEMBER 31, 2016**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,321,346
Cash in segregated accounts	<u>679,825</u>
Total assets	<u>\$ 7,001,171</u>
Net position.	<u>\$ 7,001,171</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

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

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" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The 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, 2016**

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, 2016

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, 2015, the latest information available, the County's equity interest in the Joint Solid Waste District was \$876,996. 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 2016, 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, 2016**

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 2016, the County contributed \$84,803 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 2016 was \$292,926, 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, 2016 was \$84,948,674. 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, 2016

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, 2016

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.

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.

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.

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.

OTTAWA COUNTY, OHIO

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

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

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.

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.

OTTAWA COUNTY, OHIO

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

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

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.

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 2016, 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.

During 2016, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

OTTAWA COUNTY, OHIO

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

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

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 amounted to \$418,834, which includes \$390,992 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, 2016 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

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.

OTTAWA COUNTY, OHIO

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

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

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.

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.

OTTAWA COUNTY, OHIO

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

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

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, 2016, 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.

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.

OTTAWA COUNTY, OHIO

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

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

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 2016.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the net position/fund balance of the County. However, additional note disclosures were added to the cash and investment disclosures.

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

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

OTTAWA COUNTY, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE- (Continued)

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

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the County.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The County participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The County incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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.

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 \$7,455 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".

B. Cash in Segregated Accounts

At year-end, the County deposited \$884,154 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, 2016, the carrying amount of all County deposits was \$22,619,941. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$3,839,387 of the County's bank balance of \$23,570,177 was covered by the FDIC, while \$19,730,790 was exposed to custodial risk as discussed below.

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2016, 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
FFCB	\$ 751,125	\$ -	\$ -	\$ -	\$ -	\$ 751,125
FHLMC	1,998,857	1,006,325	-	992,532	-	-
FHLB	1,003,500	-	-	-	-	1,003,500
FNMA	17,732,443	-	2,489,722	9,007,822	1,030,813	5,204,086
Mutual funds	4,040,447	4,040,447	-	-	-	-
Negotiable CD's	4,348,342	-	493,743	245,000	-	3,609,599
STAR Ohio	40,588	40,588	-	-	-	-
Total	<u>\$ 29,915,302</u>	<u>\$ 5,087,360</u>	<u>\$ 2,983,465</u>	<u>\$ 10,245,354</u>	<u>\$ 1,030,813</u>	<u>\$ 10,568,310</u>

The weighted average maturity of investments at December 31, 2016 is 1.74 years. The County's investments in federal agency securities, mutual funds and negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs). The County's investments in STAR Ohio are valued at the daily redemption value as reported by the underlying fund (Level 1 inputs).

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

Credit Risk: The 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.

OTTAWA COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2016:

<u>Investment type</u>	<u>Amount</u>	<u>of Total</u>
FFCB	\$ 751,125	2.50%
FHLMC	1,998,857	6.68
FHLB	1,003,500	3.35
FNMA	17,732,443	59.28
Mutual funds	4,040,447	13.51
Negotiable CD's	4,348,342	14.54
STAR Ohio	<u>40,588</u>	<u>0.14</u>
Total	<u>\$ 29,915,302</u>	<u>100%</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, 2016:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 22,619,941
Investments	29,915,302
Cash on hand	<u>7,455</u>
Total	<u>\$ 52,542,698</u>

<u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 24,583,826
Business-type activities	20,957,701
Agency funds	<u>7,001,171</u>
Total	<u>\$ 52,542,698</u>

OTTAWA COUNTY, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS

- A. Transfers for the year ended December 31, 2016 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	\$ 62,206	\$ 2,422,239
Road and bridge	22,720	-
Board of developmental disabilities	-	200,000
Nonmajor governmental funds	<u>3,907,795</u>	<u>1,485,595</u>
Total governmental funds	<u>3,992,721</u>	<u>4,107,834</u>
<u>Major enterprise funds:</u>		
Riverview nursing home	10,973	-
Danbury sewer operations	155,199	52,205
Regional water operations	50,574	102,974
Catawba portage sewer	21,243	8,772
Nonmajor enterprise funds	<u>52,898</u>	<u>16,168</u>
Total enterprise funds	<u>290,887</u>	<u>180,119</u>
Internal service fund	<u>72,141</u>	<u>67,796</u>
Total	<u>\$ 4,355,749</u>	<u>\$ 4,355,749</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, 2016

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Advances for the year ended December 31, 2016 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	\$ 2,163,371	\$ 555,065
Road and bridge	1,868,340	2,303,199
Nonmajor governmental funds	<u>2,070,237</u>	<u>2,991,179</u>
Total governmental funds	<u>6,101,948</u>	<u>5,849,443</u>
<u>Major enterprise funds:</u>		
Danbury sewer operations	9,625	10,175
Nonmajor enterprise funds	<u>899</u>	<u>252,854</u>
Total enterprise funds	<u>10,524</u>	<u>263,029</u>
Total	<u>\$ 6,112,472</u>	<u>\$ 6,112,472</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. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 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, 2016

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, 2016 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	\$ 1,439,442,380
Commercial/Industrial/Mineral	250,274,900
<u>Public Utility</u>	
Real	728,060
Personal	<u>231,504,930</u>
Total Assessed Value	<u><u>\$ 1,921,950,270</u></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 Ohio Department of Taxation certifies payment amounts to the Ohio Department of Budget and Management (OBM) so that OBM can issue the amount of the tax to be returned to the County. The Ohio Department of Taxation'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.

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OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS

A. Long-term obligation activity for the fiscal year ended December 31, 2016 was as follows:

<u>Governmental Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</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	\$ 2,640,000	\$ -	\$ (355,000)	\$ 2,285,000	\$ 365,000
2006 Board of DD Facility Bonds (original amount \$2,020,000)	4.00-4.40	1,310,000	-	(1,310,000)	-	-
2016 Board of DD Facility Refunding Bonds (original amount \$1,205,000)	2.00-3.00	-	1,205,000	-	1,205,000	20,000
2006 Riverview Industries Building (original amount \$1,205,000)	4.00-4.40	615,000	-	(615,000)	-	-
2016 Riverview Industries Building Refunding (original amount \$565,000)	2.00-3.00	-	565,000	-	565,000	10,000
Total General Obligation Bonds		<u>4,565,000</u>	<u>1,770,000</u>	<u>(2,280,000)</u>	<u>4,055,000</u>	<u>395,000</u>
<u>OWDA Loans:</u>						
1998 Dani-Donn (original amount \$47,710)	5.54	12,414	-	(3,318)	9,096	3,502
1999 Perryview Estates (original amount \$127,826)	6.13	43,380	-	(8,648)	34,732	9,187
1999 Regional Water (original amount \$17,942,681)	4.02	<u>5,360,275</u>	<u>-</u>	<u>(1,109,617)</u>	<u>4,250,658</u>	<u>1,154,673</u>
Total OWDA Loans		<u>5,416,069</u>	<u>-</u>	<u>(1,121,583)</u>	<u>4,294,486</u>	<u>1,167,362</u>
<u>OPWC Loans:</u>						
2007 Port Clinton Eastern Road (original amount \$157,431)	0.00	98,394	-	(7,872)	90,522	7,872
2007 Port Clinton Eastern Road (original amount \$382,692)	0.00	239,182	-	(19,134)	220,048	19,135
2009 Lemon Road Bridge Replacement (original amount \$152,891)	0.00	96,831	-	(10,193)	86,638	10,193
2013 Fremont Road Reconstruction (original amount \$65,030)	0.00	94,453	-	(12,595)	81,858	12,594
2015 Duff-Washa Road Safety Improvement (original amount \$58,680)	0.00	55,275	-	(6,503)	48,772	6,503
2015 Duff-Washa Road Safety Improvement (original amount \$58,680)	0.00	58,680	-	(2,934)	55,746	5,868
2016 Portage River South Road CR #18 Reconstruction (original amount \$63,620)	0.00	-	63,620	-	63,620	-
2016 Billman, Reiman, Opfer - Lentz & Other Resurfacing (original amount \$56,972)	0.00	-	56,972	-	56,972	-
2016 Replacement of Bridge (original amount \$255,115)	0.00	-	255,115	(12,756)	242,359	25,511
Total OPWC Loans		<u>642,815</u>	<u>375,707</u>	<u>(71,987)</u>	<u>946,535</u>	<u>87,676</u>
Capital Lease Obligation	5.00	-	10,968	(1,143)	9,825	2,039
Loan Payable	0.00	-	492,496	-	492,496	-
Total Governmental Activities		<u>\$ 10,623,884</u>	<u>\$ 2,649,171</u>	<u>\$ (3,474,713)</u>	<u>\$ 9,798,342</u>	<u>\$ 1,652,077</u>

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</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	\$ 875,000	\$ -	\$ (105,000)	\$ 770,000	\$ 110,000
2011 Regional Water System Improvement Bonds (original amount \$1,730,000)	2.50-4.875	1,465,000	-	(55,000)	1,410,000	55,000
2006 County Home Improvements (original amount \$965,000)	4.00-4.25	115,000	-	(115,000)	-	-
2008 Catawba Portage Sewer Refunding (original amount \$5,272,000)	3.00	4,665,000	-	(4,375,000)	290,000	145,000
2016 Catawba Portage Sewer Refunding (original amount \$4,450,000)	1.00-3.50	-	4,450,000	(65,000)	4,385,000	50,000
Total General Obligation Bonds		<u>7,120,000</u>	<u>4,450,000</u>	<u>(4,715,000)</u>	<u>6,855,000</u>	<u>360,000</u>
<u>Special Assessment Bonds:</u>						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	257,000	-	(21,000)	236,000	22,000
Total Special Assessment Bonds		<u>257,000</u>	<u>-</u>	<u>(21,000)</u>	<u>236,000</u>	<u>22,000</u>
<u>OWDA Loans:</u>						
1997 Danbury Sanitary Sewer (original amount \$1,246,205)	3.04	161,070	-	(79,320)	81,750	81,750
1997 Regional Water (original amount \$29,991,085)	2.00	12,538,718	-	(1,285,369)	11,253,349	1,311,076
2001 Camp Perry Western Road (original amount \$17,145)	5.74	7,788	-	(1,020)	6,768	1,079
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	2,699,997	-	(257,278)	2,442,719	267,043
2004 Golf Lane Waterline (original amount \$69,018)	4.56	40,472	-	(3,491)	36,981	3,652

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities (continued):</u>	<u>Interest Rate</u>	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>	<u>Amount Due In One Year</u>
<u>OWDA Loans (continued):</u>						
2004 Water Plant Expansion (original amount \$3,065,360)	4.51%	2,546,367	-	(87,089)	2,459,278	91,062
2006 South Bass Island Waterline (original amount \$968,848)	2.00	642,550	-	(45,729)	596,821	46,648
2007 Sewer Construction (original amount \$245,936)	3.82	163,470	-	(11,563)	151,907	12,009
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	834,940	-	(52,182)	782,758	53,949
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	240,935	-	(13,583)	227,352	14,065
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	172,650	-	(9,355)	163,295	9,808
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	324,310	-	(17,572)	306,738	18,424
2016 North Starboard Water & Sewer Replace. (original amount \$420,319)	2.92	-	<u>271,503</u>	<u>(38,514)</u>	<u>232,989</u>	-
Total OWDA Loans		<u>20,373,267</u>	<u>271,503</u>	<u>(1,902,065)</u>	<u>18,742,705</u>	<u>1,910,565</u>
<u>OPWC Loans:</u>						
1999 Danbury Sewer (original amount \$169,741)	0.00	33,948	-	(8,487)	25,461	8,487
1999 Allen / Clay Sanitary Sewer (original amount \$23,035)	0.00	4,607	-	(1,152)	3,455	1,151
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	35,672	-	(4,196)	31,476	4,197
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	105,618	-	(11,118)	94,500	11,118
2004 Regional Water System Repair (original amount \$174,000)	0.00	87,000	-	(8,700)	78,300	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	70,244	-	(6,690)	63,554	6,690
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	82,235	-	(7,151)	75,084	7,151
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00	184,791	-	(11,922)	172,869	11,922
2013 SBI Langram Rd Waterline Extension (original amount \$294,755)	0.00	272,648	-	(14,738)	257,910	14,738
2014 Barnum Road Sanitary Sewer Extension (original amount \$128,075)	0.00	121,672	-	(6,404)	115,268	6,404
2015 Erie Township Sanitary Sewer Extension (original amount \$23,863)	0.00	<u>23,863</u>	<u>29,753</u>	-	<u>53,616</u>	-
Total OPWC Loans		<u>1,022,298</u>	<u>29,753</u>	<u>(80,558)</u>	<u>971,493</u>	<u>80,558</u>

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities (continued):</u>	<u>Interest Rate</u>	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</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	-	(5,312)	72,730	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	5,762	-	-	5,762	-
1999 Regional Water (original amount \$1,108,668)	0.00	898,462	-	(3,139)	895,323	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	28,436	-	-	28,436	-
2004 Clay Center (original amount \$13,128)	0.00	12,066	-	-	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	<u>8,421</u>	<u>-</u>	<u>-</u>	<u>8,421</u>	<u>-</u>
Total Ohio Water & Sewer Loans		<u>1,132,662</u>	<u>-</u>	<u>(8,451)</u>	<u>1,124,211</u>	<u>-</u>
<u>OEPA Loans:</u>						
1999 Regional Water (original amount \$3,274,564)	4.02	<u>978,258</u>	<u>-</u>	<u>(202,507)</u>	<u>775,751</u>	<u>210,729</u>
Total OEPA Loans		<u>978,258</u>	<u>-</u>	<u>(202,507)</u>	<u>775,751</u>	<u>210,729</u>
Total Business-Type Activities		<u>\$ 30,883,485</u>	<u>\$ 4,751,256</u>	<u>\$ (6,929,581)</u>	<u>\$ 28,705,160</u>	<u>\$ 2,583,852</u>

OTTAWA COUNTY, OHIO

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

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 Mentally Retarded and Developmentally Disabled, Riverview Industries building improvements, and various County building improvements. During 2016, these bonds were refunded with the 2016 Various Purpose Refunding Bonds.

2016 Various Purpose Refunding Bonds

On June 16, 2016, the County issued \$6,220,000 in general obligation bonds with interest rates from 4.0 percent to 4.75 percent. The proceeds of the bonds were used to refund \$1,310,000 of the County's 2006 Board of DD Facility Bonds, \$615,000 of the 2006 Riverview Industries Building Bonds and \$4,375,000 of the 2008 Catawaba Portage Sewer Refunding 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 bonds outstanding at June 30, 2016 was \$6,155,000.

The refunding bonds are comprised of current interest bonds, par value \$6,220,000. Interest payments on the bonds are due on March 1 and September 1 each year. The final maturity stated in the issues range from September 1, 2027 to September 1, 2031. Payments of principal and interest are recorded as disbursements of the DD Building Bond fund (a nonmajor governmental fund) in the governmental funds and as disbursements of the Catawba Portage Sewer fund in the business-type funds.

The refunding resulted in \$682,558 in gross debt service savings.

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

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

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. During 2016, \$4,235,000 of these bonds were refunded with the 2016 Various Purpose Refunding Bonds. The balance of the series 2008 refunded bonds outstanding at December 31, 2016 was \$290,000. These bonds mature on September 1, 2018 and bear interest rates ranging from 3.75% - 4.00%.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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.

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.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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, 2016

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, 2016

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, 2016, OWDA loans related to the County's governmental funds totaled \$4,294,486. 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, 2016, 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 64.19 percent of net receipts and 30.33 percent of total receipts. The total principal and interest remaining to be paid on the loans is \$21,361,990. Principal and interest paid for the current year were \$2,370,691, total net receipts revenues were \$3,692,988 and total revenues were \$7,817,117.

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.

Loan Payable

In 2015, the County entered into a loan agreement with the State of Ohio's Development Services Agency to borrow up to \$500,000 for highway garage renovations. At December 31, 2016, the outstanding loan amount was \$492,496. The loan shall mature in ten years and carry interest at 0 % interest rate. A related amortization schedule is not yet available because disbursements are still being made.

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.

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The effects of these debt limitations at December 31, 2016 are a legal voted debt margin of \$40,761,134 (including available funds of \$400,800) and a legal unvoted debt margin of \$16,904,453.

The following is a summary of the County’s future annual debt service requirements for governmental activities. OPWC loans Portage River South Road and Billman, Reiman, Opfer-Lentz & Other Resurfacing 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>Principal</u>	<u>Interest</u>
2017	\$ 395,000	\$ 104,563
2018	535,000	96,663
2019	330,000	85,963
2020	335,000	79,363
2021	340,000	72,225
2022 - 2026	1,740,000	228,467
2027	<u>380,000</u>	<u>13,200</u>
Total	<u>\$ 4,055,000</u>	<u>\$ 680,444</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>
2017	\$ 1,167,362	\$ 120,607	\$ 87,676	\$ -
2018	1,215,011	85,107	87,675	-
2019	1,262,608	48,153	87,676	-
2020	649,505	9,770	87,674	-
2021	-	-	87,676	-
2022 - 2026	-	-	347,058	-
2027 - 2028	<u>-</u>	<u>-</u>	<u>40,508</u>	<u>-</u>
Total	<u>\$ 4,294,486</u>	<u>\$ 263,637</u>	<u>\$ 825,943</u>	<u>\$ -</u>

OTTAWA COUNTY, OHIO

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ended	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 360,000	\$ 223,786	\$ 22,000	\$ 11,281
2018	380,000	212,452	23,000	10,234
2019	365,000	199,518	24,000	9,139
2020	380,000	189,697	25,000	7,997
2021	395,000	178,868	26,000	6,807
2022 - 2026	2,170,000	714,752	116,000	14,233
2027 - 2031	2,490,000	349,375	-	-
2032 - 2034	315,000	31,200	-	-
Total	<u>\$ 6,855,000</u>	<u>\$ 2,099,648</u>	<u>\$ 236,000</u>	<u>\$ 59,691</u>

Year Ended	OWDA Loans		OPWC Loans		OEPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,910,565	\$ 463,093	\$ 80,558	\$ -	\$ 210,729	\$ 21,708
2018	1,874,649	418,392	80,558	-	219,286	15,323
2019	1,921,783	374,459	80,558	-	228,190	8,678
2020	1,970,246	329,320	70,919	-	117,546	1,763
2021	2,020,087	282,933	70,918	-	-	-
2022 - 2026	7,048,235	725,993	315,384	-	-	-
2027 - 2031	1,206,132	218,297	162,933	-	-	-
2032 - 2034	558,019	39,787	56,049	-	-	-
Total	<u>\$ 18,509,716</u>	<u>\$ 2,852,274</u>	<u>\$ 917,877</u>	<u>\$ -</u>	<u>\$ 775,751</u>	<u>\$ 47,472</u>

Industrial Revenue Bonds

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

	Amount of Issuance	Amount Outstanding at 12/31/16
Luther Home of Mercy	\$ 5,666,072	\$ 3,310,829
Otterbein Home	85,565,000	27,955,000
Magruder Hospital	6,700,000	1,170,000

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.

OTTAWA COUNTY, OHIO

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

NOTE 9 - CAPITAL LEASES

The County has entered into a capitalized lease for equipment. The 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.

Principal payments in 2016 were \$1,143 for governmental funds.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2016.

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,039	\$ 445
2018	2,143	341
2019	2,253	231
2020	2,368	116
2021	<u>1,022</u>	<u>13</u>
Total	<u>\$ 9,825</u>	<u>\$ 1,146</u>

NOTE 10 - MANUSCRIPT DEBT

On June 2, 2015, the County authorized the issuance of manuscript debt by the County's General fund to finance the revitalization of the engineer's facility. As part of the agreement up to \$2,000,000 can be borrowed. At December 31, 2016, \$1,662,943 had been borrowed and \$1,000,000 had been repaid. The outstanding balance of the manuscript debt was \$662,943. An amortization of the manuscript debt is not yet available because disbursements are still being made.

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OTTAWA COUNTY, OHIO

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

NOTE 11 - 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 2016, 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, 2016

NOTE 11 - 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, 2016 were \$5,955,365.

The changes in the cash balance of the Self Insurance internal service fund for 2016 and 2015 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2016	\$ 836,477	\$ 6,312,977	\$ (6,764,420)	\$ 385,034
2015	631,884	5,944,916	(5,740,323)	836,477

NOTE 12 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability / Asset

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

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

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

OTTAWA COUNTY, OHIO

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

NOTE 12 – DEFINED BENEFIT PENSION PLAN - (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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OTTAWA COUNTY, OHIO

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

NOTE 12 – 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 Pension 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, 2016

NOTE 12 – DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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

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

	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0 %	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* 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.

OTTAWA COUNTY, OHIO

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

NOTE 12 – DEFINED BENEFIT PENSION PLAN - (Continued)

The County’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,750,524 for 2016.

Net Pension Liabilities/Assets

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the net pension liability prior measurement date	0.16676100%
Proportion of the net pension liability current measurement date	<u>0.16822100%</u>
Change in proportionate share	<u>0.00146000%</u>
Proportion of the net pension asset prior measurement date	0.00000000%
Proportion of the net pension asset current measurement date	<u>0.29399400%</u>
Change in proportionate share	<u>0.29399400%</u>
Proportionate share of the net pension liability	\$ 29,137,998
Proportionate share of the net pension asset	94,816

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.

OTTAWA COUNTY, OHIO

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

NOTE 12 – DEFINED BENEFIT PENSION PLAN - (Continued)

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/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% 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 401 (h) Health Care Trust 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 0.40 percent for 2015.

Changes Between Measurement Date and Report Date

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

OTTAWA COUNTY, OHIO

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

NOTE 12 – DEFINED BENEFIT PENSION PLAN - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. 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 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 46,423,949	\$ 29,137,998	\$ 14,557,845
Combined Plan	(1,941)	(94,434)	(168,832)
Member-Directed Plan	999	(382)	(999)

OTTAWA COUNTY, OHIO

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

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$442,765, \$397,722, and \$420,061, 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.

OTTAWA COUNTY, OHIO

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

NOTE 14 - 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).

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:

Net Change in Fund Balances

	Governmental Funds		
	General	Road and Bridge	Board of Developmental Disabilities
Budget basis	\$ 814,273	\$ (268,778)	\$ (790,634)
Net adjustment for cash in segregated accounts	23,739	-	-
Net adjustment for funds budgeted elsewhere	138,688	-	-
Encumbrances (budget-basis)	413,661	574,819	308,556
Cash basis	\$ 1,390,361	\$ 306,041	\$ (482,078)

NOTE 15 - 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.

OTTAWA COUNTY, OHIO

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

NOTE 16 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 418,252
Road and bridge	574,819
Board of developmental disabilities	308,556
Other governmental	<u>2,142,430</u>
Total	<u>\$ 3,444,057</u>

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OTTAWA COUNTY, OHIO

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

NOTE 17 - FUND BALANCE

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

Fund balance	General	Road and Bridge	Board of Developmental Disabilities	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Unclaimed monies	\$ 79,469	\$ -	\$ -	\$ -	\$ 79,469
Total nonspendable	<u>79,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,469</u>
Restricted:					
Capital projects	-	-	-	466,999	466,999
Debt service	-	-	-	27,885	27,885
Public safety programs	-	-	-	1,443,060	1,443,060
Public works projects	-	2,895,215	-	680,893	3,576,108
Health services	-	-	-	211,962	211,962
Human services programs	-	-	6,099,407	2,611,460	8,710,867
Economic development	-	-	-	32,170	32,170
Other purposes	-	-	-	1,940,507	1,940,507
Total restricted	<u>-</u>	<u>2,895,215</u>	<u>6,099,407</u>	<u>7,414,936</u>	<u>16,409,558</u>
Committed:					
Capital projects	-	-	-	3,052,295	3,052,295
Debt service	-	-	-	372,915	372,915
Public works projects	-	-	-	31,805	31,805
Other purposes	537,768	-	-	-	537,768
Total committed	<u>537,768</u>	<u>-</u>	<u>-</u>	<u>3,457,015</u>	<u>3,994,783</u>
Assigned:					
Other purposes	602,614	-	-	-	602,614
Unassigned	<u>3,112,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,112,368</u>
Total fund balances	<u>\$ 4,332,219</u>	<u>\$ 2,895,215</u>	<u>\$ 6,099,407</u>	<u>\$ 10,871,951</u>	<u>\$ 24,198,792</u>

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OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job and Family Services</i>				
<u>SNAP Cluster</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			
FAET 100%		JFSCF116		\$5,147
FAET 100%		JFSCF117		3,142
Food Assistance		JFSCFB16		149,198
Food Assistance		JFSCFB17		43,445
Total - U.S. Department of Agriculture				200,932
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grant	14.228	B-F-14-ICE-1		5,884
Community Development Block Grants/State's Program and Non-Entitlement Grant		B-F-14-ICE-1		188,859
Community Development Block Grants/State's Program and Non-Entitlement Grant		B-F-15-ICE-1		83,000
Total - Community Development Block Grants / State's Program and Non-Entitlement Grant				277,743
Total - U.S. Department of Housing and Urban Development				277,743
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Ohio Attorney General's Office</i>				
Crime Victim Assistance	16.575	2015-VOCA-19814681		34,419
Crime Victim Assistance		2017-VOCA-43554215		11,733
Crime Victim Assistance - Training Grant		2016-VOCA-27631642		939
Total - Crime Victim Assistance				47,091
<i>Passed Through Drug Task Force - Erie County</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JG-A01-6718		27,186
Total - U.S. Department of Justice				74,277
UNITED STATES DEPARTMENT OF LABOR				
<i>Passed Through Workforce Investment Act, Area 7</i>				
<u>WIA/WIOA Cluster:</u>				
WIA/WIOA - Adult Program (FY15)	17.258	SO762		20,156
WIA/WIOA - Adult Program (PY15)		SO762		968
WIA/WIOA - Adult Program (FY16)		SO762	\$83,623	92,591
WIA/WIOA - Adult Program (PY16)		SO762	17,902	17,902
WIA/WIOA - Adult Program (FY17)		SO762	8,037	13,500
Total - WIA/WIOA Adult Program			109,562	145,117
WIA/WIOA - Youth Program (PY14)	17.259	SO762	26,851	26,851
WIA/WIOA - Youth Program (PY15)		SO762	139,947	139,947
Total - WIA/WIOA Youth Activities			166,798	166,798
WIA/WIOA - Dislocated Worker Program (FY15)	17.278	SO762		46,852
WIA/WIOA - Dislocated Worker Program (PY15)		SO762		17,606
WIA/WIOA - Dislocated Worker Program (FY16)		SO762		95,060
WIA/WIOA - Dislocated Worker Non-Formulary-Grants (FY16)		SO762		79,903
WIA/WIOA - Dislocated Worker Non-Formulary-Grants (PY16)		SO762		32,061
WIA/WIOA - Dislocated Worker Non-Formulary-Grants (FY17)		SO762		9,163
Total - WIA/WIOA Dislocated Worker Formula Grants				280,645
Total - WIA/WIOA Cluster			276,360	592,560
Total - U.S. Department of Labor			276,360	592,560

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
<u>Highway Planning and Construction Cluster:</u>				
Highway Planning and Construction	20.205	98978		408,018
Formula Grants for Rural Areas - Operating	20.509	114-RPTF-16-0100		854,374
Formula Grants for Rural Areas - Capital		114-RPTF-16-0100		4,480
Formula Grants for Rural Areas - Capitalized Maintenance		114-RPTF-16-0100		230,831
Formula Grants for Rural Areas - Replacement Van		114-RPTF-16-0100		304,636
Total - Formula Grants for Rural Areas				1,394,321
<u>Highway Safety Cluster:</u>				
State and Community Highway Safety	20.600	2016-526		2,066
State and Community Highway Safety		2017-528		165
Total - State and Community Highway Safety				2,231
National Priority Safety Programs	20.616	2016-392		2,989
National Priority Safety Programs		2017-395		1,631
Total - National Priority Safety Programs				4,620
Total Highway Safety Cluster				6,851
Total - U.S. Department of Transportation				1,809,190
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct Assistance</i>				
Congressionally Mandated Projects (Erie Twp Sanitary Sewer Impr.)	66.202	N/A		21,839
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A		7,006
Total - U.S. Environmental Protection Agency				28,845
UNITED STATE 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	JFSCMC16		909
Caseworker Visits		JFSCMC17		603
Caseworker Visits - Admin		JFSCMC16		90
Caseworker Visits - Admin		JFSCMC17		61
ESSA Preservation		JFSCPF16		10,836
ESSA Preservation		JFSCPF17		(319)
ESSA Reunification		JFSCPF16		4,338
ESSA Reunification		JFSCPF17		1,715
Family Preservation - Operating		JFSCPF16		2,839
Family Preservation - Operating		JFSCPF17		1,730
Family Reunification - Operating		JFSCPF16		2,509
Family Reunification - Operating		JFSCPF17		1,528
Total - Promoting Safe and Stable Families				26,839
<u>TANF Cluster:</u>				
Temporary Assistance for Needy Families - Administration	93.558	JFSCTF16		190,547
Temporary Assistance for Needy Families - Administration		JFSCTF17		38,654
Temporary Assistance for Needy Families - Earn/Collections		JFSFTF16B		(92)
Temporary Assistance for Needy Families - Earn/Collections		JFSFTF17B		(55)
Temporary Assistance for Needy Families - Regular		JFSCTF16		53,522
Temporary Assistance for Needy Families - Regular		JFSCTF17		19,688
Temporary Assistance for Needy Families - CCMEP Regular		JFSCTF16	25,533	61,091
Temporary Assistance for Needy Families - ADC Incentives		JFSCTF16		(80)
Temporary Assistance for Needy Families - Summer Youth		JFSCTF16	37,656	39,006
Temporary Assistance for Needy Families - Fraud Awareness		JFSCTF16		1,187
Temporary Assistance for Needy Families - Regular		JFSOLF16		(17,561)
Total - Temporary Assistance for Needy Families			63,189	385,007
<u>Child Support Enforcement:</u>				
Federal Child Support	93.563	JFSCCS16		281,901
Federal Child Support		JFSCCS17		96,231
Child Support Training Allocation		JFSCCS15		1,000
Child Support Training Allocation		JFSCCS16		1,000
Federal Incentive Expenditures		JFSOLS16		61,109
Federal Incentive Expenditures		JFSOLS17		18,767
Total - Child Support Enforcement				460,008

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 Care and Development Block Grant Cluster:</u>				
Child Care Non-Admin	93.575	JFSCCD16		14,111
Child Care Non-Admin		JFSCCD17		11,726
Child Care Administration		JFSCCD16		12,922
Total - Child Care and Development Block Grant				38,759
<u>Grants to States for Access and Visitation Programs:</u>				
Visitation Access	93.597	JFSOLS16		33,046
Visitation Access		JFSOLS17		28,507
Total - Grants to States for Access and Visitation Programs				61,553
<u>Stephanie Tubbs Jones Child Welfare Services Program:</u>				
Title IV-B - Child Welfare Services	93.645	JFSCCW16		30,369
Title IV-B - Child Welfare Services		JFSCCW17		20,035
Title IV-B - Child Welfare Services - Administration		JFSCCW16		3,038
Title IV-B - Child Welfare Services - Administration		JFSCCW17		2,004
Total - Stephanie Tubbs Jones Child Welfare Services Program				55,446
<u>Foster Care Title IV-E:</u>				
Title IV-E - Foster Care - Administration and Training	93.658	JFSCFC16		19,157
Title IV-E - Foster Care - Administration and Training		JFSCFC17		6,710
Title IV-E - Foster Care - Contracts FCM		JFSCFC16		860
Title IV-E - Foster Care Services		JFSCFC16		375,870
Title IV-E - Foster Care Services		JFSCFC17		62,525
Total - Foster Care Title IV-E				465,122
<u>Adoption Assistance:</u>				
Title IV-E - Adoption Assistance - Administrative and Training	93.659	JFSCAA16		19,972
Title IV-E - Adoption Assistance - Administrative and Training		JFSCAA17		6,278
Non-Recurring Adoption		JFSFAA16		2,917
Title IV-E - Adoption Assistance - Contracts AA		JFSCAA16		6,690
Total - Adoption Assistance				35,857
<u>Social Services Block Grant:</u>				
Social Services Block Grant - Title XX - Base	93.667	JFSCSS16		135,503
Social Services Block Grant - Title XX - Base		JFSCSS17		3,417
Social Services Block Grant - Title XX - Transfer		JFSCTX16		144,680
Social Services Block Grant - Title XX - Transfer		JFSCTX17		98,250
Social Services Block Grant - Title XX - Base		JFSOLF16		(32,204)
Total - Social Services Block Grant				349,646
<u>Chafee Foster Care Independence Program</u>				
Federal Chafee	93.674	JFSCIL17		320
<u>Medicaid Cluster:</u>				
Passed Through Ohio Department of Job and Family Services				
<u>Medical Assistance Program:</u>				
Medicaid	93.778	MCDFMT16		61,064
Medicaid		MCDFMT17		2,761
Medicaid Enhanced Federal		MCDFMT16		134,973
Medicaid Enhanced Federal		MCDFMT17		75,367
Medicaid NET		MCDFMT16		24,894
Medicaid NET		MCDFMT17		10,396
Medicaid Incentives		MCDFMP16		(741)
Medicaid Incentives		MCDFMP17		(164)
Medicaid Refunds/Collections		MCDFMP16		(7,310)
Medicaid Refunds/Collections		MCDFMP17		(1,150)
Medicaid Child Welfare		MCDFMP16		437
Medicaid Child Welfare		MCDFMP17		1,071
Passed Through Ohio Department of Developmental Disabilities				
Medicaid Administrative Claiming	93.778	N/A		105,965
Total - Medicaid Cluster				407,563
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	N/A		29,359
Total Passed through Ohio Department of Developmental Disabilities				29,359
Total All Social Services Block Grant - CFDA #93.667				379,005
Total - Department of Health and Human Services			63,189	2,315,479

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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>				
Emergency Management Performance Grants	97.042	DPSFE-221		113,339
Pre-Disaster Mitigation	97.047	FEMA-EMC-2015-PC-0006		13,163
Homeland Security Grant Program - FY14 Operation Stonegarden	97.067	DPSFE-211		29,139
Homeland Security Grant Program - FY15 Operation Stonegarden		DPSFE-217		31,477
Homeland Security Grant Program - FY15 SHSGP		DPSFE-217		36,000
Total - Homeland Security Grant Program				<u>96,616</u>
Treasury Executive Office Forfeiture Fund	97.XXX	MOU		9,853
Total - U.S. Department of Homeland Security				<u>232,971</u>
Total Expenditures of Federal Awards			<u>\$339,549</u>	<u>\$5,531,997</u>

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, 2016**

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, 2016. 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 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 and the Ohio Department of Job and Family Services 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) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income accounts for CDBG and HOME as of December 31, 2016 were \$5,810 and \$33,253, respectively.

NOTE E - MATCHING REQUIREMENTS

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

OTTAWA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2016, the County made allowable transfers of \$242,930 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 \$385,007 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 2016 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 627,937
Transfer to Social Services Block Grant	<u>(242,930)</u>
Total Temporary Assistance for Needy Families	<u>\$ 385,007</u>



Dave Yost • Auditor of State

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

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 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, 2016, 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 21, 2017, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2016-001.

Entity's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

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 21, 2017



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's) 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, 2016. 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, 2016.

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 21, 2017

OTTAWA COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	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):	Formula Grants for Rural Areas - CFDA # 20.509 Child Support Enforcement - CFDA # 93.563 Foster Care Title IV-E - CFDA # 93.658
(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 2016-001

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 may prescribe a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative 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 its 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:

Ottawa County has decided to not report in GAAP to save hundreds of hours of staff time and thousands of dollars in consulting fees. Our bond rating has been reviewed multiple times since we have made this move and they have never made note of it. At this time we do not intend to convert.

3. FINDINGS FOR FEDERAL AWARDS

None.

OTTAWA COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	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 2016-001 in this report.	See Officials' Response to Finding 2016-001.
2015-002	Significant Deficiency for errors in financial reporting.	Corrective action taken and finding is fully corrected.	N/A
2015-003	Significant Deficiency for lack of controls over Clerk of Courts monthly reconciliations and computer system.	Partially corrected and reissued as part of the management letter.	The Clerk of Courts is now able to produce a bond listing report and has implemented procedures to ensure amounts collected and remitted agree. However, the Clerk of Courts is still not able to perform a monthly bank to book reconciliation, but is working with the software company. The Clerk of Courts believes he is close to being able to perform a reconciliation as of the court accounting system change date.

OTTAWA COUNTY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	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



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
SEPTEMBER 28, 2017