

# WYANDOT COUNTY, OHIO

Basic Financial Statements – Cash Basis  
December 31, 2016  
with Independent Auditors' Report





# Dave Yost • Auditor of State

Board of Commissioners  
Wyandot County  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditor's Report* of Wyandot County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wyandot County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 23, 2017

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## INDEPENDENT AUDITORS' REPORT

Wyandot County, Ohio  
Board of County Commissioners  
109 South Sandusky Avenue  
Upper Sandusky, Ohio

### Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Wyandot County, Ohio (the County), as of and for the year ended December 31, 2016, and 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 the preparation and fair presentation of these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash basis is acceptable for the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Wyandot County, Ohio, as of December 31, 2016, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

## **Emphasis of Matter**

### *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, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 26, 2017



**Wyandot County, Ohio**  
Statement of Net Position - Cash Basis  
December 31, 2016

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>Cash Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 18,763,577	\$ 4,701,005	\$ 23,464,582
	<u>\$ 18,763,577</u>	<u>\$ 4,701,005</u>	<u>\$ 23,464,582</u>
 <b>Net Position</b>			
Restricted for:			
Road and Bridge	\$ 4,737,588	\$ -	\$ 4,737,588
Developmental Disabilities	2,085,137	-	2,085,137
Conservation Programs	1,997,998	-	1,997,998
Public Safety	3,011,055	-	3,011,055
Human Services	967,150	-	967,150
Property Assessments	1,181,454	-	1,181,454
Judicial Programs	708,177	-	708,177
Capital Projects	415,101	-	415,101
Debt Service	471,787	-	471,787
Other Purposes	81,319	-	81,319
Unrestricted	3,106,811	4,701,005	7,807,816
	<u>\$ 18,763,577</u>	<u>\$ 4,701,005</u>	<u>\$ 23,464,582</u>

See accompanying notes to the basic financial statements.

**Wyandot County, Ohio**  
Statement of Activities - Cash Basis  
Year Ended December 31, 2016

	<b>Program Cash Receipts</b>			<b>Net (Disbursements) Receipts and Changes in Net Position</b>		
	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Primary Government:						
Governmental Activities						
General Government:						
Legislative and Executive	\$ 2,405,857	\$ 921,138	\$ 27,885	\$ (1,456,834)		\$ (1,456,834)
Judicial	1,257,116	427,418	175,039	(654,659)		(654,659)
Public Safety	3,413,344	730,181	320,669	(2,362,494)		(2,362,494)
Public Works	4,445,902	2,735	4,284,593	(158,574)		(158,574)
Health	172,255	129,636	1,122,408	1,079,789		1,079,789
Human Services	5,597,401	77,533	2,798,657	(2,721,211)		(2,721,211)
Conservation and Recreation	769,567	876,490	58,497	165,420		165,420
Other	783,481	-	-	(783,481)		(783,481)
Capital Outlay	1,082,408	429,869	-	(652,539)		(652,539)
Debt Service						
Principal Payment	579,009	-	-	(579,009)		(579,009)
Interest and Fiscal Charges	62,553	-	-	(62,553)		(62,553)
Total Governmental Activities	<u>20,568,893</u>	<u>3,595,000</u>	<u>8,787,748</u>	<u>(8,186,145)</u>		<u>(8,186,145)</u>
Business Type Activities						
Nursing Home	4,308,029	4,894,585	-		586,556	586,556
Total Business Type Activities	<u>4,308,029</u>	<u>4,894,585</u>	<u>-</u>		<u>586,556</u>	<u>586,556</u>
Total Primary Government	<u>\$ 24,876,922</u>	<u>\$ 8,489,585</u>	<u>\$ 8,787,748</u>	<u>(8,186,145)</u>	<u>586,556</u>	<u>(7,599,589)</u>
<b>General Cash Receipts</b>						
Property Taxes Levied for:						
General Purposes				1,514,153	-	1,514,153
Developmental Disabilities				944,878	-	944,878
Debt Service				495,223	-	495,223
Sales Tax Levied for:						
General Purposes				2,573,813	-	2,573,813
Public Safety				1,286,826	-	1,286,826
Grants and Entitlements not Restricted to Specific Programs				849,320	-	849,320
Proceeds from the sale of bonds				65,500	-	65,500
Interest				223,307	-	223,307
Miscellaneous				457,397	-	457,397
Total General Receipts				<u>8,410,417</u>	<u>-</u>	<u>8,410,417</u>
Change in Net Cash Position				224,272	586,556	810,828
<b>Net Position - Beginning of Year</b>				<u>18,539,305</u>	<u>4,114,449</u>	<u>22,653,754</u>
<b>Net Position - End of Year</b>				<u>\$ 18,763,577</u>	<u>\$ 4,701,005</u>	<u>\$ 23,464,582</u>

See accompanying notes to the basic financial statements.

**Wyandot County, Ohio**  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2016

	<u>General</u>	<u>Public Safety Sales Tax Fund</u>	<u>Motor Vehicle and Gasoline Tax Fund</u>	<u>Angeline DD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 3,180,146	\$ 1,815,559	\$ 4,737,588	\$ 1,698,594	\$ 7,139,681	\$ 18,571,568
<b>Cash Fund Balances:</b>						
Non-Spendable for						
Unclaimed funds	\$ 15,298	\$ -	\$ -	\$ -	\$ -	\$ 15,298
Restricted for						
Roads and bridges	-	-	4,737,588	-	-	4,737,588
Developmental disabilities	-	-	-	1,698,594	386,543	2,085,137
Human services	-	-	-	-	967,150	967,150
Public safety	-	1,815,559	-	-	1,195,496	3,011,055
Capital projects	265,344	-	-	-	146,717	412,061
Debt service	-	-	-	-	471,787	471,787
Judicial programs	-	-	-	-	708,177	708,177
Property assessments	-	-	-	-	1,181,454	1,181,454
Conservation programs	-	-	-	-	1,997,998	1,997,998
Other purposes	-	-	-	-	52,946	52,946
Committed for						
Capital projects	-	-	-	-	3,040	3,040
Other purposes	-	-	-	-	28,373	28,373
Assigned for						
Judicial programs	247,030	-	-	-	-	247,030
Capital projects	86,298	-	-	-	-	86,298
Public safety	55,320	-	-	-	-	55,320
General government	12,569	-	-	-	-	12,569
Subsequent appropriations	816,214	-	-	-	-	816,214
Unassigned	1,682,073	-	-	-	-	1,682,073
<b>Total Cash Fund Balances</b>	<u>\$ 3,180,146</u>	<u>\$ 1,815,559</u>	<u>\$ 4,737,588</u>	<u>\$ 1,698,594</u>	<u>\$ 7,139,681</u>	<u>18,571,568</u>

Reconciliation to Statement of Net Position:

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

Governmental activities in the statement of net position include the cash assets of the internal service fund. In the fund statements these cash assets are reported in proprietary fund statements.

	192,009
<b>Net Position of Governmental Activities</b>	<b>\$ 18,763,577</b>

See accompanying notes to the basic financial statements.

**Wyandot County, Ohio**  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
Year Ended December 31, 2016

	<u>General</u>	<u>Public Safety Sales Tax Fund</u>	<u>Motor Vehicle and Gasoline Tax Fund</u>	<u>Angeline DD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>						
Local Taxes	\$ 4,087,966	\$ 1,286,826	\$ -	\$ 944,878	\$ 495,223	\$ 6,814,893
Intergovernmental	731,072	-	3,850,316	1,093,535	3,962,145	9,637,068
Interest	223,307	-	-	-	-	223,307
Licenses and Permits	309,642	-	-	-	1,118,414	1,428,056
Fines and Forfeitures	183,284	-	913	-	42,396	226,593
Charges for Services	970,887	-	-	7,576	623,581	1,602,044
Special Assessments	338,306	-	-	-	-	338,306
Other	137,119	-	71,262	10,830	53,227	272,438
Refunds and Reimbursements	472,030	-	-	-	-	472,030
<b>Total Receipts</b>	<u>7,453,613</u>	<u>1,286,826</u>	<u>3,922,491</u>	<u>2,056,819</u>	<u>6,294,986</u>	<u>21,014,735</u>
<b>Disbursements:</b>						
General Government:						
Legislative and Executive	2,185,884	-	-	-	218,717	2,404,601
Judicial	1,062,569	-	-	-	193,859	1,256,428
Public Safety	2,278,023	889,634	-	-	243,072	3,410,729
Public Works	99,538	-	4,345,963	-	-	4,445,501
Health	52,661	-	-	-	119,494	172,155
Human Services	350,139	-	-	2,138,925	3,108,316	5,597,380
Conservation and Recreation	-	-	-	-	768,823	768,823
Other	685,705	-	-	-	97,776	783,481
Capital Outlay	317,662	153,100	-	38,611	573,035	1,082,408
Debt Service:						
Principal Retirement	-	-	-	25,900	553,109	579,009
Interest and Fiscal Charges	-	-	-	2,623	59,930	62,553
<b>Total Disbursements</b>	<u>7,032,181</u>	<u>1,042,734</u>	<u>4,345,963</u>	<u>2,206,059</u>	<u>5,936,131</u>	<u>20,563,068</u>
Excess (Deficiency) of Receipts over Disbursements	421,432	244,092	(423,472)	(149,240)	358,855	451,667
<b>Other Financing Sources (Uses):</b>						
Proceeds from the sale of bonds	65,500	-	-	-	-	65,500
Other Sources	95,825	-	50,195	-	2,048	148,068
Other Uses	(435,138)	-	-	-	-	(435,138)
Transfers In	-	-	-	-	341,650	341,650
Transfers Out	(292,584)	-	-	(49,066)	-	(341,650)
<b>Total Other Financing Sources (Uses)</b>	<u>(566,397)</u>	<u>-</u>	<u>50,195</u>	<u>(49,066)</u>	<u>343,698</u>	<u>(221,570)</u>
<b>Net Change in Fund Balances</b>	<u>(144,965)</u>	<u>244,092</u>	<u>(373,277)</u>	<u>(198,306)</u>	<u>702,553</u>	<u>230,097</u>
<b>Fund Balances Beginning of Year</b>	<u>3,325,111</u>	<u>1,571,467</u>	<u>5,110,865</u>	<u>1,896,900</u>	<u>6,437,128</u>	
<b>Fund Balances End of Year</b>	<u>\$ 3,180,146</u>	<u>\$ 1,815,559</u>	<u>\$ 4,737,588</u>	<u>\$ 1,698,594</u>	<u>\$ 7,139,681</u>	

Reconciliation to Statement of Activities:

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

The internal service fund charge insurance costs to other funds. In the statement of activities, the expenditure by the governmental funds are eliminated as well as the corresponding internal service fund receipts. Governmental activities report allocated net internal service fund receipts (disbursements).

Change in Net Position of Governmental Activities

(5,825)

\$ 224,272

See accompanying notes to the basic financial statements.

**Wyandot County, Ohio**  
 Statement of Fund Net Position - Cash Basis  
 Proprietary Funds  
 December 31, 2016

	<b>Business-Type Activities</b>	<b>Governmental Activity</b>
	<b>Nursing Home Fund</b>	<b>Internal Service Fund</b>
<b>Cash Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 4,701,005	\$ 192,009
<b>Net Position</b>		
Unrestricted	\$ 4,701,005	\$ 192,009

See accompanying notes to the basic financial statements.

**Wyandot County, Ohio**  
Statement of Cash Receipts, Disbursements and  
Changes in Fund Net Position - Cash Basis  
Proprietary Funds  
Year Ended December 31, 2016

	<b>Business-Type Activities</b>	<b>Governmental Activity</b>
	<b>Nursing Home Fund</b>	<b>Internal Service Fund</b>
<b>Operating Receipts</b>		
Charges for Services	\$ 4,887,234	\$ -
Interfund Charges	-	2,775,353
Other Operating Receipts	7,351	-
	<u>4,894,585</u>	<u>2,775,353</u>
<b>Operating Disbursements</b>		
Salaries and Benefits	2,819,289	-
Purchased Services	1,001,675	-
Materials and Supplies	477,612	-
Medical Insurance	-	2,781,178
Capital Outlay	9,453	-
	<u>4,308,029</u>	<u>2,781,178</u>
Total Operating Disbursements		
Operating Income	586,556	(5,825)
<b>Net Position Beginning of Year</b>	<u>4,114,449</u>	<u>197,834</u>
<b>Net Position End of Year</b>	<u>\$ 4,701,005</u>	<u>\$ 192,009</u>

See accompanying notes to the basic financial statements.

**Wyandot County, Ohio**  
Statement of Fiduciary Net Position - Cash Basis  
December 31, 2016

	<u>Agency Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,465,662
Cash in Segregated Accounts	145,527
Total Assets	<u>\$ 1,611,189</u>
<b>Net Position</b>	<u>\$ 1,611,189</u>

See accompanying notes to the basic financial statements.

## 1. DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

Wyandot County, Ohio (the County) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three Commissioners elected by the voters of the County. The County Auditor is responsible for the fiscal controls over the resources of the County that are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. Other officials elected by the voters of the County that manage various segments of the County's operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serving as the budget and taxing authority, contracting body and chief administrator of public services for the County, including each of these departments.

### Reporting Entity

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34. The financial statements and notes include all funds, agencies, boards, and commissions, and component units for which Wyandot County and the County Commissioners are "accountable". Accountability was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Responsibility was evaluated on the basis of financial dependence and the manifestations of oversight exercised by the Commissioners. Among the factors considered were budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, obligation of the County to finance any deficits that may occur, reliance of the organization on continuing subsidies from the County, selection of governing authority, and designation of management.

Based on the foregoing criteria, the following entities have been evaluated and reflected in the accompanying financial statements and notes as follows:

### 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 agencies, boards and commissioners listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following entities is presented as agency funds within the financial statements:

County General Health District  
Soil and Water Conservation District  
Family and Children First Council

The County is associated with certain organizations which are defined as Jointly Governed Organizations, a Shared Risk Pool, and an Insurance Purchasing Pool, as follows:

### Jointly Governed Organization

#### Mental Health and Recovery Services

The Mental Health and Recovery Services (MHRS) is a joint venture between Seneca, Sandusky, and Wyandot counties. The headquarters for the MHRS Board is in Seneca County. The Board provides community services to mentally ill and emotionally disturbed persons. Statutorily created, the MHRS Board is made of 18 members, 10 of the members are appointed by the county commissioners of each respective county, 4 are appointed by the State Department of Mental Health, and 4 are appointed by the State of Ohio Department of Alcohol and Drug Addiction Services. Revenues to provide mental health services are generated through state and federal grants.



The Mental Health Board adopts its own budget, hires and fires staff and does not rely on the County to finance deficits. Financial information can be obtained from the Seneca County Auditor, Seneca County Courthouse, Tiffin, Ohio 44883.

### **Shared Risk Pool**

#### County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. is a jointly governed organization among fifty 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 trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any 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 trustees.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

### **Insurance Purchasing Pool**

#### County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Although required by Ohio Administrative Code Section 117-2-3(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the County, choose to prepare its financial statements and notes in accordance with the cash basis of accounting. Under this basis of accounting, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

By using the cash basis of accounting, the County does not report certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and 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) 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.

**A. Fund Accounting**

The County uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the County's major governmental funds:

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

Public Safety Sales Tax Fund – This fund accounts for monies received from sale tax proceeds restricted for sheriff services in the County as well as emergency medical services.

Motor Vehicle and Gasoline Tax Fund – This fund accounts for monies received from state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of roads and bridges.

Angeline Developmental Disability (DD) Fund – This fund accounts for the operation of a school for the developmentally disabled and handicapped individuals within the County. Revenue sources include a County-wide property tax levy and federal and state grants..

The other governmental funds of the County account for grants and other resources whose use is restricted or committed to a particular purpose.

**Proprietary Funds**

Certain County funds operate similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. The County classifies these as enterprise funds.

Nursing Home Fund – This fund accounts for the operations to provide care and treatment of elderly and disabled county residents at the Skilled Nursing and Rehabilitation Center.

Internal Service Fund – This fund is used to accumulate and allocate costs of health insurance internally among the County's other programs and activities

**Fiduciary Funds**

Fiduciary funds account for cash and investments where the County is acting as trustee or fiscal agent for other entities or individuals. The County's only fiduciary funds are agency funds. Agency funds are custodial in nature, where the County deposits and pays cash as directed by another entity, individual, or statute. The agency funds of the County included funds established to account for undivided tax receipts, the Board of Health, the Soil and Water Conservation District, and the Family and Children First Council. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

**B. Basis of Presentation**

The County has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The County's basic financial statements consist of government-wide statements, including a statement of net cash position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net cash position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position-cash basis presents the cash basis financial condition of governmental activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program cash 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. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

**Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**D. Inventory and Prepaid Items**

The County reports a disbursement for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**E. Capital Assets and Depreciation**

Capital assets acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

**F. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the County.

**G. Long-term Obligations**

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt obligations principal and interest payments.

**H. Net Position**

The statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The County first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**I. 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.

**J. Cash and Investments**

The County maintains a cash and investment pool which is available for all funds. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. All investments of the County had a maturity of five years or less. Investments are stated at cost within the financial statements. Investments with an originally maturity of three months or less at the time of purchase, and investments of the cash and investment pool are reported as cash equivalents on the financial statements.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General fund were \$223,307, which includes \$201,454 assigned from other County funds.

Cash and cash equivalents that are held separately within departments of the County is presented as "Cash and Cash Equivalents in Segregated Accounts" on the financial statements.

During 2016, the County invested in STAR Ohio (the State Treasury Asset Reserve of Ohio), which is an investment pool managed by the State Treasurer's Office that offers governments within the State the opportunity 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 their 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.

For the City's investments in STAR Ohio and money market funds, fair value is determined by the share price. There are no limitations or restrictions on withdrawals from these investments due to redemption notice periods, liquidity fees, or redemption gates. STAR Ohio does require notice to be given 24 hours in advance for all deposits or 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 STAR Ohio investors will be combined for these purposes.

**K. Interfund Activity**

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses; proprietary funds report transfers after nonoperating receipts and disbursements. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**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 category includes amounts that cannot be spent because there are not in spendable form, or legally or contractually required to be maintained intact.

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

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 County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the County Commissioners.

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 used only to report a deficit 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 either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### 3. DEPOSITS AND INVESTMENTS

Statutes require the classification of monies held by the County into two categories. The first category consists of active deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County has identified as not required for current demands on the treasury. Inactive deposits may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio;

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.

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 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 may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned. 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 letter of credit 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 moneys deposited with the institution. Of the bank balances totaling \$10,078,298, \$1,769,230 was insured by FDIC. The remaining balance of \$8,309,068 was collateralized with securities held in single financial institution collateral pools in the name of the respective depository bank, and pledged as a pool of collateral against all the public moneys it holds. All County demand deposits were either insured or collateralized, in accordance with state law and the County's investment policy.

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

Investments

At year-end, the County had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One to Three Years</u>	<u>Greater than Three Years</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	AA+	1,000,000	-	1,000,000	-	6.52%
Federal Home Loan Bank	AA+	993,010	-	-	993,010	6.47%
Federal Home Loan Mortgage Corp.	AA+	3,442,692	-	567,922	2,874,770	22.45%
Federal National Mortgage Association	AA+	2,417,308	-	984,590	1,432,718	15.77%
Money Market	N/A	1,805,908	1,805,908	-	-	11.78%
Negotiable Certificates of Deposit	N/A	3,530,006	499,031	2,031,504	999,471	23.02%
STAR Ohio	AAAm	2,143,482	2,143,482	-	-	13.98%
		<u>15,332,406</u>	<u>4,448,421</u>	<u>4,584,016</u>	<u>6,299,969</u>	<u>100.00%</u>

*Interest Rate Risk* – The County's investment policy and the Ohio Revised Code state that the maximum maturity for any investment is limited to five years from the date of settlement unless the investment matches a specific obligation or debt. State statute limits investment in commercial paper to a maximum maturity of 270 days and banker acceptances to a maximum of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

*Credit Risk* – The County's investments policy requires that they follow the investment guidelines in Section 135 of the Ohio Revised Code. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that commercial paper and corporate notes are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The negotiable certificates of deposits are part of the CDARs program and are fully insured by FDIC insurance coverage.

*Concentration of Credit Risk* – The County's investment policy does not place any limit on investments in any single issuer, however state statute limits investments in commercial paper and bankers acceptances to 25% of the interim monies available for investment at any one time.

Fair Value Measurement

The County's investments reported above are measured and disclosed at fair value according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly, or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments with the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The County's investments, with the exception of STAR Ohio and money market funds, are classified in Level 1. STAR Ohio and money market funds are measured at amortized cost and therefore are not classified based on the hierarchy above.

**4. TAXES**

Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2016 for real and public utility property taxes represents collections of the 2015 taxes. Property tax payments received during 2016 for tangible personal property (other than public utility property) is for 2015 taxes.

2015 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes collected in and intended to finance 2016.

Public utility tangible personal property currently 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 2016 with real property taxes.

The full tax rate of for all County operations for the year ended December 31, 2016 was \$6.90 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:

Real Property:	
Residential/Agricultural	\$ 474,873,110
Commercial/Industrial	53,330,150
Public Utilities	419,140
Tangible Personal Property:	
Public Utilities	<u>22,387,840</u>
Total Assessed Valuation	<u>\$ 551,010,240</u>

Real property taxes are payable annually or semi-annually. If paid annually, the 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 tangible personal property taxes paid by multi-county tax payers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The Wyandot County Treasurer collects property taxes on behalf of all taxing districts within the County. The Wyandot County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collection of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.



#### Permissive Sales and Use Tax

The County Commissioners by resolution imposed a one percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax rate are credited to the general and public safety funds. Permissive sales tax revenue for 2016 amounted to \$2,573,813 in the general fund and \$1,286,826 the public safety fund.

#### Tax Abatements

The County enters into property tax abatement agreements with local businesses by establishing Enterprise Zones, pursuant to Chapter 5709 of the Ohio Revised Code. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments within the County. Under this program, the County can provide tax exemptions for a portion of the value of new real and personal property investment (when that personal property is still taxable) when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible (except as noted within rare circumstances). Specific tax incentives are negotiated by the Commissioners, and an enterprise zone agreement must be in place before the project begins.

For the year ended December 31, 2016, the County abated property taxes totaling \$14,472 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 100 percent real and personal property tax abatement for the construction of a solar energy generation facility to create and preserve employment opportunities in the area. The abatement amounted to \$607.
- A 75 percent real and personal property tax abatement to a feed manufacturer for purchasing and constructing a new manufacturing plant to increase production capacity and increase employment. The abatement amounted to \$13,865.

## **5. RISK MANAGEMENT**

The County is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool made up of sixty-two 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 coverage provided by CORSA. The coverage provided include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member 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 trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any 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 trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

The audited financial statements for CORSA reported the following at April 30, 2016: total assets of \$118.7million, liabilities of \$33.8 million and net assets of \$84.9 million.

Insurance coverage stayed the same as in the prior year. Settled claims did not exceed the coverage amounts established in any of the past three years.

The County also participates in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

## 6. DEFINED BENEFIT PENSION PLANS

### Net Pension Liability

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

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

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

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

### Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS's fiduciary net position. That report can be obtained by visiting <https://www.opers.org/about/finance/index.shtml>.

*The Traditional Pension Plan.* The Traditional Pension Plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and final average salary. The pension benefits are funded by both member and employer contributions, and investment earnings on those contributions.

*The Combined Plan.* The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a factor less than, the Traditional

Pension Plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment earnings (or losses) on those contributions. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

*The Member-Directed Plan.* The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution, or may elect to use his/her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The Board of Trustees, pursuant to Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

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

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

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

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

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

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates:</b>	
Employer	14.0%
Employee	10.0%
<b>2016 Actual Contribution Rates:</b>	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

The County's contractually required contributions to OPERS for 2016 was \$1,506,145.

**Plan Description – State Teachers Retirement System (STRS)**

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2015, the employer rate was 14 percent and the member rate was 12 percent of covered payroll. The statutory employer rate for fiscal year 2016 and subsequent years is 14 percent. The statutory member contribution rate increased to 13 percent on July 1, 2015, and increased to 14 percent on July 1, 2016. The 2016 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$10,224 for 2016.

**Net Pension Liability**

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	Traditional Plan	Combined Plan	Total OPERS	STRS	Total - All Pension Plans
Proportionate Share of Net Pension Liability	\$ 11,151,376	\$ (15,649)	\$ 11,135,727	\$ 164,211	\$ 11,299,938
Proportion of the Net Pension Liability	0.064380%	0.032158%		0.000594%	

**Actuarial Assumptions – OPERS**

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

	Traditional Plan	Combined Plan
Investment rate of return	8.00%	8.00%
Wage inflation	3.75%	3.75%
Projected salary increases	4.25% - 10.05%	4.25% - 8.05%
	(includes wage inflation at 3.75%)	(includes wage inflation at 3.75%)
Cost-of-living adjustments	3.00% simple	3.00% simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projected Scale AA. For males, 105% of the combined health male mortality rates were used. For females, 100% of the combined health 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% of the disable female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

**Long Term Expected Rate of Return**

The allocation of investment assets within the defined benefit portfolio is approved by the Board 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 long term expected 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 were developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy and the long term expected arithmetic real rates of return:

Asset Class	Target Allocation	Weighted Average Long Term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.28%

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following chart represents the County’s proportionate share in thousands of the net pension liability at the 8% discount rate as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate (in thousands):

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County’s proportionate share of the net pension liability	\$ 17,766,546	\$ 11,135,727	\$ 5,543,443

**Changes between Measurement Date and Report Date - OPERS**

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 City’s net pension liability is expected to be significant.

**Actuarial Assumptions – STRS**

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	2.75%
Wage inflation	2.75% at age 70 to 12.25% at age 20
Projected salary increases	7.75%, net of investment expenses
Cost-of-living adjustments	2% simple applied as follows: for retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA paid on fifth anniversary of retirement date.

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

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

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

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

**Discount Rate**

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

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 228,102	\$ 164,211	\$ 110,182

## 7. POSTEMPLOYMENT BENEFITS

### Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.



Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$215,078, \$210,993 and \$221,491 respectively. The full amount has been contributed for all three years.

**State Teachers Retirement System**

Plan Description – Certified teachers employed by the school for Developmental Disabilities participate in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. The County's contributions for health care for the years ended December 31, 2016, 2015, and 2014 were \$0, \$0, and \$291 respectively; 100% has been contributed for all years.

**8. DEBT OBLIGATIONS**

The following represents the activity of the County's long-term debt obligations for 2016:

<u>Governmental Activities:</u>	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
<b>General Obligations:</b>					
MRDD Capital Improvement Bonds					
Series 2008	\$ 134,899	\$ -	\$ 43,109	\$ 91,790	\$ 44,984
Refunding Bonds					
Series 2013	1,025,000	-	120,000	905,000	125,000
Bus Acquisition Bonds					
Series 2013	107,500	-	25,900	81,600	26,500
Courthouse Improvement Bonds					
Series 2014	1,590,000	-	390,000	1,200,000	395,000
Special Assessment Debt with Governmental Commitment	-	65,500	-	65,500	21,520
Totals	<u>\$ 2,857,399</u>	<u>\$ 65,500</u>	<u>\$ 579,009</u>	<u>\$ 2,343,890</u>	<u>\$ 613,004</u>

General Obligation Bonds

In 2008, the County issued \$390,460 of general obligation capital facility bonds to finance the cost of improving the County's Developmental Disabled (DD) facility. These improvements included roof replacement and lighting and HVAC improvements. These bonds will be repaid from the Angeline bond retirement fund and mature in 2018.

In 2013, the County issued \$1,270,000 in General Obligation Refunding Bonds with interest rates ranging from 3.75 to 4.30%. The purpose of this issue was to advance refund the County's outstanding various purpose general obligation bonds, series 2003, which were issued to finance various projects throughout the County, including the construction and renovation of the offices used by Jobs and Family Services. These bonds will be repaid from the bond retirement fund and mature in 2023.

In 2013, the County's Board of DD issued \$157,560 of general obligation bus acquisition bonds to finance the purchase of a specialized bus needed for transportation services. These bonds were for a six year period, final maturity in August 2019, and have a stated interest rate of 2.44%. These bonds are being repaid from the Angeline DD special revenue fund.

In 2014, the County issued \$2,250,000 of general obligation courthouse improvement bonds to finance the cost of renovating the County's courthouse. These improvements included roof replacement and cast metal repairs to the clock tower. These bonds will be repaid using a voted bond tax levy from the bond retirement fund and will mature in 2019.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Principal	Interest	Total
2017	\$ 591,484	\$ 53,842	\$ 645,326
2018	599,006	42,947	641,953
2019	557,900	32,421	590,321
2020	125,000	13,740	138,740
2021	130,000	10,678	140,678
2022-2023	275,000	11,278	286,278
	<u>\$ 2,278,390</u>	<u>\$ 164,906</u>	<u>\$ 2,443,296</u>

Special Assessment Bonds

The County has one special assessment bond issue. This issue was used to finance surface water drainage system improvements within the County. In 2016, the County issued \$65,500 of special assessments bonds with a stated rate of interest of 1.45 percent which will fully mature on December 1, 2019. This issue will be repaid from amounts levied against the property owners benefited by these improvements. The special assessment bond is backed by the full faith and credit of the County. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt. Annual debt service requirements to maturity for the special assessment bond are as follows:

Year	Principal	Interest	Total
2017	\$ 21,520	\$ 950	\$ 22,470
2018	21,832	638	22,470
2019	22,148	322	22,470
	<u>\$ 65,500</u>	<u>\$ 1,910</u>	<u>\$ 67,410</u>

**9. CONTINGENT LIABILITIES**

The County receives financial assistance from federal and state agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2016 will not have a material adverse effect on the County.

There are claims and lawsuits involving the County which are pending. In the opinion of the County Prosecutor, any potential liability cannot be assessed at this point in the proceedings. It is not anticipated the ultimate resolutions of these matters will have a material effect on the County's financial statements.

**10. INTERFUND TRANSACTIONS**

The County reported the following transfers for the year ended December 31, 2016:

Transfer-Out Fund	Transfers-In Fund	Amount
General Fund:	Non-Major Governmental Funds:	
	Court House Repair Fund	\$ 7,035
	Law Library Fund	9,025
	Regional Planning Fund	40,000
	Small Citiis Block Grant Fund	500
	Sheriff Manditory Drug Fund	2,000
	Special Emergency Planning Fund	16,000
	Capital Improvement Fund	218,024
		292,584
Angeline MR/DD Fund	Non-Major Governmental Funds:	
	Angeline Bond Retirement Fund	49,066
	Total	\$ 341,650

Transfers from the General Fund are used to move monies that are used to subsidize various programs into other governmental funds and for repayment of debt obligations. Angeline transferred monies to the non-major governmental funds required to pay the debt service payment on the DD debt obligation.

**11. CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2016, the County implemented GASB Statements No. 72, *Fair Value Measurement and Application*; No. 77, *Tax Abatement Disclosures*; and No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.. Due to accounting basis used to prepare these financial statements, changes to the financial statements were limited to the note disclosures.

GASB Statement No. 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. This standard requires certain disclosures to be made regarding tax abatement agreements entered into by the reporting government as well as other governments in which the reporting government forgoes tax revenues. See note 4 for the required disclosures related to the County’s tax abatement agreements.

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 also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. As discussed in note 2, the implementation of this GASB pronouncement had no effect on beginning net position/fund balance.

**12. SUBSEQUENT EVENT**

On June 1, 2017 the County issued \$4.3 million of Various Purpose General Obligations Bonds, Series 2017 to finance the renovations of the EMS building and construction of a new County garage. These bonds carry interest rates from 0.95% to 3.00% and mature in 2026. These bonds will be repaid from the bond retirement fund.

Wyandot County, Ohio  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended December 31, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Number	Award Disbursements
<b><u>DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
State Administrative Matching Grant for SNAP	10.561	(1)	49,728
<b>Total Department of Agriculture</b>			<b>49,728</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Pass through the Ohio Department of Mental Health</i>			
Social Services Block Grant -- Title XX	93.667	(1)	16,609
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
Social Services Block Grant -- Title XX	93.667	(1)	270,818
Social Services Block Grant - Title XX Program Total			287,427
Child Support Enforcement	93.563	(1)	201,567
Promoting Safe and Stable Families	93.556	(1)	9,281
Temporary Assistance for Needy Families (TANF)	93.558	(1)	503,607
Child Care Development Block Grant	93.575	(1)	17,973
Community Based Child Abuse Prevention Grants	93.590	(1)	1,130
IV-E Admin and Training Foster Care	93.658	(1)	8,589
IV-E Admin and Training Adoption Assistance	93.659	(1)	75,507
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(1)	18,251
Chafee Foster Care Independence Program	93.674	(1)	219
Medical Assistance Program	93.778	(1)	346,894
<b>Total Department of Health and Human Services</b>			<b>1,470,445</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through the Ohio Department of Education</i>			
<i>Special Education Cluster (IDEA):</i>			
Special Ed - Part B IDEA	84.027	(1)	10,980
Early Childhood Special Ed - IDEA	84.173	(1)	5,177
<i>Total Special Education Cluster (IDEA)</i>			16,157
<b>Total U.S. Department of Education</b>			<b>16,157</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<i>WIA/WIOA Cluster:</i>			
WIA Adult	17.258	(1)	38,232
WIA Dislocated Worker	17.278	(1)	21,289
WIA Youth	17.259	(1)	16,430
<i>Total WIA/WIOA Cluster</i>			75,951
<b>Total U.S. Department of Labor</b>			<b>75,951</b>

(continued)

Wyandot County, Ohio  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended December 31, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Number	Award Disbursements
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
<i>Passed through the Ohio Emergency Management Agency</i>			
Emergency Management Performance Grant	97.042	EMW-2015-EP-0034-S01 EMC-2016-EP-0034-S01	16,372 <u>20,455</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>36,827</u></b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grant Program	14.228	BC-15-1DC-1 BF-14-1DC-1 BF-15-1DC-1	99,477 23,699 <u>68,240</u> 191,416
Home Investment Partnership	14.239	BC-15-1DC-2	<u>104,766</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>296,182</u></b>
<b><u>ELECTION ASSISTANCE COMMISSION</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Victim of Crime Advocacy	16.575	2015-VOCA-19815542 2017-VOCA-43560417	30,969 <u>9,165</u>
<b>Total U.S. Election Assistance Commission</b>			<b><u>40,134</u></b>
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through the Ohio Department of Transportation</i>			
<i>Highway Safety Cluster:</i>			
National Priority Safety Programs	20.616	IDEP-2017-88-00-00-00402-00 IDEP-2016-88-00-00-00390-00	5,997 <u>10,571</u> 16,568
State and Community Highway Safety	20.600	STEP-2017-88-00-00-00548-00 STEP-2016-88-00-00-00527-00	10,741 <u>1,110</u> 11,851
<i>Total Highway Safety Cluster</i>			<u>28,419</u>
<b>Total U.S. Department of Transportation</b>			<b><u>28,419</u></b>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b><u>\$ 2,013,843</u></b>
			(concluded)

(1) Pass Through Entity Number Unknown

WYANDOT COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**A. Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Wyandot County, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented 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 this Schedule only presents a selected portion of the operations of the County, it is not intended to and does not present the financial position or change in net position of the County.

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**B. Matching Requirements**

Certain federal programs require the County to contribute non-federal funds (matching funds) to support federally-funded programs. The expenditure of non-federal (matching) funds is not included on the Schedule of Expenditures of Federal Awards.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Wyandot County, Ohio  
Board of County Commissioners  
109 South Sandusky Avenue  
Upper Sandusky, Ohio

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Wyandot 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 June 26, 2017, wherein we noted the County reported on the cash basis of accounting.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-002, which we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

**The County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 26, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Wyandot County, Ohio  
Board of County Commissioners  
109 South Sandusky Avenue  
Upper Sandusky, Ohio

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

We have audited Wyandot County, Ohio's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 26, 2017

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None Noted
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None Noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None Noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None Noted
Identification of major programs:	
CFDA 93.558: Temporarily Assistance for Needy Families	
CFDA 93.778: Title XIX – Medical Assistance Program	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

## **Section II – Financial Statement Findings**

### **Finding Number 2016-001:**

Ohio Administrative Code Section 117-2-3(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). Wyandot County has elected to prepare and submit its annual financial report on the cash basis of accounting. The accompanying financial statements and notes omit material assets, liabilities, fund equities and disclosures required by GAAP.

*Management Response: Wyandot County's finances continue to drive the decision to file under the cash basis. We believe that filing under GAAP would cost an additional \$30,000 per year with no appreciable benefit to the County.*

### **Finding Number 2016-002:**

During the 2016 audit, numerous audit adjustments or reclassifications were necessary to accurately report the cash receipts and disbursements on the financial statements. Audit adjustments are an indication that controls over financial reporting are deficient in design or not operating as intended. Audit adjustments were necessary to correct the following accounts in numerous funds within the financial statements:

- Intergovernmental receipts were recorded in various other revenue accounts including miscellaneous and charges for services.
- To report expenditures of a particular fund instead of having funds reported as transferred out and the expenditures reported by another fund.
- One payment made on behalf of the County, through OPWC, were not posted to the County's revenue and expenditure ledgers.

The County did not accurately record cash receipts received during the year by source within its general ledger according to its chart of accounts, which was is a significant reason for the number of audit adjustments required at fiscal year-end. Additionally, the manner in which receipts are posted to the general ledger makes it difficult to determine the detailed that each pay-in is comprised of. It should be noted the County has made efforts to correct improper posting issues during the year, however there were still a significant number of adjustments necessary as a result of audit procedures.

The audit process should not be viewed by management as part of the County's internal control process to detect and correct errors. The County should develop in-house procedures to examine the transactions posted to the financial system to ensure transactions are posted appropriately and any corrections are made on a timely basis.

*Management Response: The County Auditor acknowledges the audit adjustments needed for 2016 and will continue to work towards ensuring such adjustments are not necessary for future years.*

## **Section III – Federal Awards Findings and Questioned Costs**

None

Wyandot County, Ohio  
 Schedule of Prior Audit Findings  
 Year Ended December 31, 2016

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Explanation of Correction</u></b>
<b>2015-001</b>	ORC 117.38/OAC 117-2-3(B) requires counties to file GAAP basis reports.	No	Not corrected – repeated as Finding 2016-001
<b>2015-002</b>	Audit adjustments and reclassifications were required to correct financial statements.	No	Not corrected – repeated as Finding 2016-002
<b>2015-003</b>	Random Moment Samples were not Approved or approved timely.	No	Partially corrected in 2016 – repeated in Management Letter

## Wyandot County

### Corrective Action Plan 2 CFR § 200.511(c)

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	Wyandot County's finances continue to drive the decision to file under the cash basis. We believe filing GAAP statements would cost an additional \$30,000 per year with no appreciable benefit to Wyandot County.	N/A	County Commissioners
2016-002	We will continue to work with the individual departments to submit revenue to the correct receipt code/line item.	2017	County Auditor



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# Dave Yost • Auditor of State

WYANDOT 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 5, 2017