PAULDING COUNTY, OHIO

Single Audit Reports

December 31, 2015

PLATTENBURG
Certified Public Accountants

Dave Yost • Auditor of State

County Commissioners
Paulding County
115 North Williams Street
Paulding, Ohio 45879-1284

We have reviewed the *Independent Auditor's Report* of Paulding County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Conveyance Fees

As Deputy Auditor, Mereidith Davis was responsible for conveyance fee collections, processing and depositing with the county treasurer's office. We identified instances in which Ms. Davis cashed customer checks at the county treasurer's office and/or removed cash from the office for her own personal use.

We examined all transactions for which a conveyance fee should have been collected by the county auditor's office for the period January 1, 2011 through January 20, 2016. The conveyance fee books, conveyance fee forms, deeds, and receipts were compared to pay-in's made to the county treasurer's office and subsequently deposits to the county bank account.

Of the 341 pay-ins tested, we identified 13 totaling $5,228 in which the monies collected were not paid into the county treasurer's office and were not deposited into the county bank account. In addition, we identified 3 of 3,879 instances where Mereidith Davis incorrectly processed warranty deeds as exempt deeds. Exempt deeds are only assessed a transfer fee whereas warranty deeds are also assessed a conveyance fee. This resulted in $1,035 of conveyance fees collected which were not paid into the county treasurer's office and were not deposited into the county bank account.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies converted or misappropriated in the amount of $6,263 is hereby issued against Mereidith Davis, and her bonding company, County Risk Sharing Authority, jointly and severally, and in favor of Paulding County's General Fund.

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. Paulding County is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

September 28, 2016

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

Federal Grantor/Pass - Through Grantor, Program Title	Pass-Through Entity Number	CFDA	Disbursements
US DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through The Area Office of Aging of Northwestern Ohio, Inc.			
Aging Cluster:			
Special Programs for the Aging- Title III Part B - Grants for Supportive Services and Senior Centers	(2) (3)	93.044	48,830
Special Programs for the Aging- Title III Part C - Nutrition Services	(2) (3)	93.045	76,697
Nutrition Services Incentive Program	(2) (3)	93.053	46,899
Total Aging Cluster			172,426
Public Health Emergency Preparedness Preparedness and Emergency Response Learning Center Supporting PHEP	(2) (3)	93.069	10,569
Public Health Emergency Preparedness (PHEP) - Aligned Cooperative Agreements	(2) (3)	93.074	70,110
Total Passed through the Area Office of Aging of Northwestern Ohio, Inc.			253,105
Passed Through Ohio Department of Job and Family Services			
Child Support Enforcement	G-14-15-11-5410 (2)	93.563	139,991
Total Passed Through Ohio Job and Family Services			139,991
Passed Through Ohio Department of Developmental Disabilities			
Social Services Block Grant (Title XX)	(2) (3)	93.667	4,651
Medical Assistance Program	(2) (3)	93.778	60,567
Total Passed Through Ohio Deparment of Developmental Disabilities			65,218
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			**458,314**
ELECTION ASSISTANCE COMMISSION			
Pass Through the Ohio Secretary of State Office			
Help America Vote Act Requirements Payments	(2) (3)	90.401	4,080
Total Pass Through the Ohio Secretary of State Office			4,080
TOTAL ELECTION ASSISTANCE COMMISSION			**4,080**
US DEPARTMENT OF AGRICULTURE			
Special Supplemental Nutrition Program for Women, Infants and Children	(1) (3)	10.557	107,031
TOTAL US DEPARTMENT OF AGRICULTURE			**107,031**

(continued)

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Ohio Department of Development			
Community Development Block Grant - Program Income	Various	14.228	27,227
Community Development Block Grant (Formula FY13)	B-F-13-1CF-1 (2)	14.228	40,170
Community Development Block Grant (Formula FY14)	B-F-14-1CF-1 (2)	14.228	75,000
Community Development Block Grant (Water & Sewer FY12)	B-W-12-1CF-1 (2)	14.228	59,899
Community Development Block Grant (Revolving Loans)	(2) (3)	14.228	41,651
Total Community Development Block Grant			243,947
Total Passed Through the Ohio Department of Development			243,947
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**243,947**
US DEPARTMENT OF JUSTICE			
Passed Through the Ohio Attorney General			
Crime Victim Assistance	2015VAFENE738 (2)	16.575	37,728
Total Passed Through the Ohio Attorney General			37,728
TOTAL US DEPARTMENTOF JUSTICE			**37,728**
TOTAL			**851,100**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

(1) - Direct Award

(2) - Pass-Through Award

(3) - Pass-Through Entity Number Not Available

See accompanying notes to the schedule of expenditures of federal awards.
The schedule has been prepared using the cash basis of accounting.

PAULDING COUNTY

NOTES TO FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports Paulding County's (the County) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or Uniform Commercial Filings (UCC) that collateralize machinery and equipment.

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

Loans Receivable Balance, January 1, 2015	$533,501
Loans Issued in 2015	30,000
Loan Principal Repaid on Loans Issued Prior to 2015	(48,293)
Ending Loans Receivable Balance as of December 31, 2015	$515,208
Cash Balance on Hand in the Revolving Loan Fund as of December 31, 2015	$239,628
Program Expenditures:	
Revolving Loans Issued during 2015	30,000
Revolving Loans Administrative Costs for 2015	11,651
Other Grants Administered Through the CDBG 14.228 Program	202,296
Total CDBG 14.228 Program	$243,947

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2015, the County estimates $20,294 to be uncollected.

NOTE C – MATCHING REQUIREMENTS

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

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INDEPENDENT AUDITOR'S 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*

Paulding County
115 North Williams Street
Paulding, Ohio 45879-1284

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Paulding County (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 16, 2016, wherein we noted the County presented financial statements on the modified cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America, and does not include financial data for the Paulding County Hospital, a legally separate blended component unit.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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* which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

Paulding County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 16, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Paulding County
115 North Williams Street
Paulding, Ohio 45879-1284

Report on Compliance for Each Major Federal Program

We have audited Paulding 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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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, 2015.

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

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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 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 16, 2016, which contained unmodified opinions on those financial statements, except for the adverse opinions on the business-type activities and major hospital enterprise fund, also we noted the County presented financial statements on the modified cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America, as disclosed in Note 2. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 16, 2016

PAULDING COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015

Summary of Auditor's Results

1. The auditor's report expresses the following opinions: Adverse-Business Type Activities and Hospital Enterprise Fund, Unmodified-Governmental Activities, Each Major Fund (except hospital enterprise find), and aggregate remaining fund information.

2. No significant deficiencies or material weaknesses were reported during the audit of the financial statements.

3. One instance of noncompliance material to the financial statements of the County, required to be reported in accordance with *Government Auditing Standards* , was disclosed during the audit. Finding 2015-001.

4. No significant deficiencies or material weaknesses in internal control were reported over major federal award programs during the audit.

5. The auditor's report on compliance for the major federal award programs for the County expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule. None were noted.

7. The programs tested as a major programs were: Aging Cluster CFDA #'s 93.044, 93.045 and 93.053; CDBG CFDA #14.228.

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. The County was not determined to be a low-risk auditee.

Findings – Financial Statement Audit

Finding 2015 – 001 – Noncompliance – GAAP Reporting

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For fiscal year 2014, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the modified cash basis, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures, that while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County.

We recommend the County prepare its financial statements on the GAAP basis of accounting.

Officials' Response:

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

Findings and Questioned Costs – Major Federal Award Programs Audit

None

PAULDING COUNTY
DECEMBER 31, 2015

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE

Finding Number	Finding Summary	Finding Corrected	Explanation
2014-1	Ohio Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with GAAP.	No	The County did not do a GAAP Conversion at year end. The County prepared GASB 34 Look-Alike Statements.

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PAULDING COUNTY, OHIO

Basic Financial Statements

December 31, 2015

PLATTENBURG
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Paulding County
115 North Williams Street
Paulding, Ohio 45879-1284

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Paulding County (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash accounting basis Note 2 described. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to 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 auditor's 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.

Basis for Adverse Opinions on the Business-Type Activities and on the Hospital Enterprise Fund

The financial statements do not include financial data for the Paulding County Hospital, the County's legally separate blended component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported as a major enterprise fund and business-type activity with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that includes the component unit's financial data. The County has not issued such reporting entity financial statements. We cannot determine the amounts of assets, liabilities, net position, revenues, and expenses that the accompanying statements should present for the omitted business-type activities for the Paulding County Hospital in order to comply with accounting principles generally accepted in the United States of America.

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Adverse Opinions

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinions on the Business-Type Activities and Hospital Enterprise Fund paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 2, the modified cash financial position of the business-type activities or major hospital enterprise fund of Paulding County, Ohio, as of December 31, 2015, and its changes in modified cash financial position for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the government activities, each major fund except for the hospital enterprise fund discussed above, and the aggregate remaining fund information of Paulding County, Ohio, as of December 31, 2015, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, and Paulding County Board of Developmental Disabilities (PCBDD) funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code Section 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

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements. Management's Discussion & Analysis includes tables of net position-modified cash basis, changes in net position-modified cash basis, governmental activities-modified cash basis, governmental funds-modified cash basis and Debt Administration. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this 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 procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the Basis for Adverse Opinions on the Business-Type Activities and Hospital Enterprise Fund, it is inappropriate to and we do not opine on the Management Discussion and Analysis tables.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 16, 2016

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

Financial Highlights

Key financial highlights for the fiscal year 2015 are as follows:

- Net cash position increased $1,162,080 which represents a 11.64% increase over fiscal year 2014.
- The 2015 General fund receipts and other financing sources exceeded disbursements by $243,689.
- The 2015 General fund beginning modified cash balance was $1,948,775 whereas the ending modified cash balance was $2,192,464.
- The County's major funds included the General, Motor Vehicle Gasoline Tax and the Paulding County Board of Developmental Disabilities (PCBDD).

Using the Basic Financial Statements

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

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

Report Components

The Statement of Net Position-Modified Cash Basis and the Statement of Activities-Modified Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all the other non-major funds presented in total in a single column. For the County, the General fund is the most significant fund. The County's major funds are the General, Motor Vehicle Gasoline Tax and the Paulding County Board of Developmental Disabilities (PCBDD).

Basis of Accounting

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

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

Reporting the County as a Whole

Statement of Net Position and Statement of Activities

The Statement of Position-Modified Cash Basis and Statement of Activities-Modified Cash Basis reflect how the County did financially during the fiscal year 2015. These statements include only net position using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

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

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other non-financial factors as well, such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, or reliance on non-local financial resources for operations.

In the Statement of Net Position-Modified Cash Basis and the Statement of Activities-Modified Cash Basis, the County discloses a single type of activity, governmental activities. All of the County's programs and services are reported here, which include legislative and executive and judicial government, public safety, public works, health and human services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Fund financial statements provide detailed information about the County's major funds. While the County uses many funds to account for its financial transactions, the fund financial statement focus is on the County's most significant funds. The County's major funds are the General, Motor Vehicle Gasoline Tax and Paulding County Board of Developmental Disabilities (PCBDD).

Governmental Funds

Most of the County's activities are reported in governmental funds which focus on how money flows into and out of these funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether or not there are more or fewer cash basis financial resources that can be readily spent to finance various County programs.

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

Proprietary Fund

Enterprise funds use the same basis of accounting (modified cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole. The County uses Enterprise funds to account for its various Auglaize sanitary sewer district operations.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the County's own programs.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position-Modified Cash Basis provides the perspective of the County as a whole.

Table 1 provides a summary of the County's net position for 2015 compared to the prior year.

Table 1 - Net Cash Position (Modified Cash Basis)

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 10,816,334	$ 9,715,220	$ 327,734	$ 266,768	$ 11,144,068	$ 9,981,988
Net Assets						
Restricted	8,479,996	7,602,111	-	-	8,479,996	7,602,111
Unrestricted	2,336,338	2,113,109	327,734	266,768	2,664,072	2,379,877
Total Net Assets	$ 10,816,334	$ 9,715,220	$ 327,734	$ 266,768	$ 11,144,068	$ 9,981,988

The total net position of the County increased $1,162,080. Net cash position of governmental activities increased $1,101,114 which represents an increase of 11.3% over fiscal year 2014.

Table 2, on the following page, reflects the changes in net position from the prior fiscal year.

Table 2 - Changes in Net Position (Modified Cash Basis)

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Cash Receipts:						
Program Cash Receipts:						
Charges for Services and Sales	$ 2,639,446	$ 2,349,975	$ 280,792	$ 315,685	$ 2,920,238	$ 2,665,660
Operating Grants and Contributions	5,168,452	5,654,980	-	-	5,168,452	5,654,980
Capital Grants and Contributions	-	307,459	-	-	-	307,459
Total Program Cash Receipts	7,807,898	8,312,414	280,792	315,685	8,088,690	8,628,099
Property Taxes	3,255,041	2,999,497	-	-	3,255,041	2,999,497
Sales Tax	1,935,518	1,802,025	-	-	1,935,518	1,802,025
Payments in Lieu of Taxes	1,819,722	1,818,501	-	-	1,819,722	1,818,501
Unrestricted Grants and Entitlements	801,748	793,885	-	-	801,748	793,885
Proceeds from Debt	93,089	645,178	-	-	93,089	645,178
Investment Income	77,240	60,371	-	-	77,240	60,371
Loan Repayments	48,293	68,126	-	-	48,293	68,126
Miscellaneous	277,993	638,701	-	-	277,993	638,701
Total General Cash Receipts	8,308,644	8,826,284	-	-	8,308,644	8,826,284
Total Cash Receipts	16,116,542	17,138,698	280,792	315,685	16,397,334	17,454,383
Cash Disbursements:						
General Government	3,613,172	3,928,235	-	-	3,613,172	3,928,235
Public Safety	2,413,919	2,247,655	-	-	2,413,919	2,247,655
Public Works	3,982,641	4,058,730	-	-	3,982,641	4,058,730
Health	170,217	114,302	-	-	170,217	114,302
Human Services	2,439,967	2,504,238	-	-	2,439,967	2,504,238
Economic Promotion	275,410	440,072	-	-	275,410	440,072
Conservation/Recreation	91,250	75,000	-	-	91,250	75,000
Distribution of Payments in Lieu of Taxes	1,039,043	1,040,633	-	-	1,039,043	1,040,633
Sanitary Sewer	-	-	219,826	285,659	219,826	285,659
Miscellaneous	351,375	271,626	-	-	351,375	271,626
Capital Outlay	252,998	513,575	-	-	252,998	513,575
Debt Service:						
Principal Retirement	319,153	920,269	-	-	319,153	920,269
Interest and Fiscal Charges	66,283	54,744	-	-	66,283	54,744
Total Cash Disbursements	15,015,428	16,169,079	219,826	285,659	15,235,254	16,454,738
Change in Net Cash Position	1,101,114	969,619	60,966	30,026	1,162,080	999,645
Net Cash Position at Beginning of Year	9,715,220	8,745,601	266,768	236,742	9,981,988	8,982,343
Net Cash Position at End of Year	$ 10,816,334	$ 9,715,220	$ 327,734	$ 266,768	$ 11,144,068	$ 9,981,988

Program receipts decreased $504,516 or 6.1% from 2014. This was primarily attributed to the decreases in intergovernmental grants and charges for services for public works.

General receipts decreased $517,640, or 5.9% from 2014. This was primarily attributed to decreases in proceeds from debt and other miscellaneous receipts.

General government represents activities related to the governing body as well as activities that directly support County Programs. In 2015, general government cash disbursements totaled $3,613,172, or 24.1% of total governmental cash disbursements. General government Legislative and Executive programs were supported by $1,665,621 in direct charges to users and operating grants and contributions.

The County program, Public Safety, accounted for $2,413,919 or 16.1% of total governmental cash disbursements. Public Safety programs relate to police protection, emergency management services, and 911 services for County residents. Public Safety programs were supported by $385,141 in direct charges to users and operating grants and contributions.

The County program, Public Works, accounted for $3,982,641 or 26.5% of total governmental cash disbursements. Public Works programs relate to betterment of County roads and related infrastructure. Public Works programs were supported by $4,197,897 in direct charges to users, operating grants and contributions, and capital grants and contributions.

The County program, Human Services, accounted for $2,439,967 or 16.2% of total governmental cash disbursements. Human Services programs primarily include Job and Family Services related programs and the Paulding County Board of Developmental Disabilities (PCBDD). Human Service programs were supported by $1,123,527 in direct charges to users and operating grants and contributions.

Capital Outlay disbursements accounted for $252,998 or 1.7% of total governmental cash disbursements. Capital Outlay disbursements are entirely supported by the County's general cash receipts.

Debt Service disbursements accounted for $385,436 or 2.6% of total governmental cash disbursements. Debt Service disbursements are supported entirely by general receipts for the County Jail and Paulding County Hospital debt.

Governmental Activities

The Statement of Activities-Modified Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2015. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Table 3
Governmental Activities (Modified Cash Basis)

	Total Cost of Services		Net Cost of Services	
	2015	**2014**	**2015**	**2014**
Cash Disbursements:				
General Government	$ 3,613,172	$ 3,928,225	$ (1,947,551)	$ (2,227,195)
Public Safety	2,413,919	2,247,655	(2,028,778)	(1,908,098)
Public Works	3,982,641	4,058,730	215,256	128,486
Health	170,217	114,302	(54,580)	(35,322)
Human Services	2,439,967	2,504,238	(1,316,440)	(952,697)
Economic Promotion	275,410	440,072	(71,935)	(88,665)
Conservation/Recreation	91,250	75,000	(91,250)	(75,000)
Distribution of Payments in Lieu of Taxes	1,039,043	1,040,633	(1,039,043)	(1,040,633)
Miscellaneous	351,375	271,626	(234,775)	(168,953)
Capital Outlay	252,998	513,575	(252,998)	(513,575)
Debt Service:				
Principal Retirement	319,153	920,269	(319,153)	(920,269)
Interest and Fiscal Charges	66,283	54,744	(66,283)	(54,744)
Total Cash Disbursements	$ 15,015,428	$ 16,169,069	$ (7,207,530)	$ (7,856,665)

The dependence upon general cash receipts for governmental activities is apparent, with 55.3% of cash disbursements supported through taxes and other general cash receipts during 2015.

Financial Analysis of the County's Funds

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

Governmental Funds

The County's governmental funds and business-type funds are accounted for using the modified cash basis of accounting.

The County's governmental funds and business-type funds reported a combined fund cash balance of $11,144,068 which is $1,162,080 above last year's total of $9,981,988. The schedule on the following page indicates the fund cash balance and the total change in fund cash balance as of December 31, 2015 and December 31, 2014, for all major and non-major governmental funds and business-type funds.

	Balance at 12/31/2015	Balance at 12/31/2014	Increase (Decrease)
Major Funds:			
General	$ 2,192,464	$ 1,948,775	$ 243,689
Motor Vehicle Gasoline Tax	905,413	754,738	150,675
PCBDD	3,507,449	3,027,072	480,377
	6,605,326	5,730,585	874,741
Other Nonmajor Governmental Funds	4,211,008	3,984,635	226,373
Internal Service Fund	-	-	-
Business-Type Activities	327,734	266,768	60,966
Total	$ 11,144,068	$ 9,981,988	$ 1,162,080

The General fund is the main operating fund of the County. For 2015, receipts and other financing sources of $5,529,307 and disbursements and other financing uses of $5,285,618 resulted in a net increase of $243,689 to the General fund's unreserved fund balance. Receipts increased by 1.0% and disbursements decreased by 1.2% from 2014.

The Motor Vehicle Gasoline Tax fund reported receipts of $3,950,412 primarily from gasoline tax, motor vehicle registration fees, and charges for services. Disbursements and other financing uses of $3,799,737 were expended for road and bridge repairs and maintenance and debt principal payments. This resulted in a net increase of $150,675 in the Motor Vehicle Gasoline Tax unreserved fund balance. Receipts increased by 8.5% and disbursements decreased by 8.4% from 2014.

The Paulding County Board of Developmental Disabilities (PCBDD) fund reported $1,893,971 in receipts and disbursements of $1,413,594 which resulted in a net increase of $480,377 to the PCBDD's fund balance. Overall receipts decreased 20.0% from 2014; also, overall disbursements decreased 10.3%.

Budgetary Highlights

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

During each fiscal year, the General fund budget is revised as needs arise. Records of revisions are found in the Commissioners' journals.

For the General fund, change in estimated receipts from original to final budget was not significant. There was a 3.4% increase in appropriations from original to final budget. This was for expected increases in disbursements made to fund various expenses. Actual receipts exceeded final estimated receipts by 6.1%. This was primarily attributed to increases in property tax and charges for services. Actual disbursements and other financing uses were 6.7% less than final appropriations.

For the Motor Vehicle Gasoline Tax fund, there were no changes in estimated receipts from original to final budget. The changes in appropriations from the original budget to the final budget were not significant. Actual receipts only exceeded final estimated receipts by 12.6% while actual disbursements were 3.3% less than final appropriations. This was due to overestimating the amount of public works disbursements in 2015.

For the Paulding County Board of Developmental Disabilities fund, there were no changes in estimated receipts from the original to final budget. There was also no significant increase in appropriations from original to final budget. Actual receipts exceeded final estimates by 6.8%. Actual disbursements were 39.0% less than final appropriations. This was due to overestimating the amount of Human Service disbursements in 2015.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of $252,998.

Debt Administration

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

	Long-Term Obligations
Governmental Activities	
Various Purpose Refunding Improvement Bond (Paulding Hospital and Jail Debt)	$ 1,620,000
Ohio Public Works Commission (OPCW) Loans	57,677
JFS Building Loan	441,397
Total Governmental Activities Long-Term Obligations	$ 2,119,074
Business-Type Activities	
United States Department of Agriculture (USDA) Sanitary Sewer Revenue Bonds	$ 2,445,700
Ohio Water Development Authority (Auglaize River Area Sewer)	904,178
Total Business-Type Activities Long-Term	$ 3,349,878

In addition, the County had short-term general obligation notes and County Commissioner's notes outstanding in the amounts of $91,241 and $1,848, respectively.

Economic Factors to be Considered for the Future

Under the State of Ohio's Amended Substitute House Bill 66, personal property tax revenue has been phased out over a period of four years beginning with 2005. The loss of personal property tax revenue is having a negative impact on the General fund. The full effects of this have not been seen as the state is reimbursing a portion of the phased out personal property tax revenue; however, the State reimbursement dollars will now be phased out.

The voters of Paulding County approved a bond issue in 2006 and, along with a Bureau of Adult Detention grant, allowed for the financing of the construction of the new County jail. The new jail opened in 2007, however, a jail operating levy was not renewed by the voters and expired in the year 2006 with collections ending in 2007. The expiration of the jail operating levy greatly increased the financial burden on the General fund. The decision was made to close the jail facility with the jail being officially closed in November 2008 due to a lack of operating funds. The County Commissioners went to the voters for an additional (new) county current expense levy in November of 2008 but the levy was overwhelmingly defeated. There have been no more levies placed on the ballot since November 2008. Prisoners are now transported to Putnam or Van Wert Counties for housing.

The Paulding County Hospital is a county owned, tax-exempt not-for-profit corporation which operates a general hospital, emergency room, and physicians' services. The hospital is governed by a board of directors appointed by the County Commissioners and the two Common Pleas judges. The hospital employs a Chief Financial Officer and prepares its own annual financial report, which is audited by a private accounting firm. Although the hospital is part of the Paulding County reporting unit, the Commissioners have opted to exclude its financial activity from the County's financial report.

Requests for Information

This financial report is designed to provide a general overview of Paulding County's finances for all those with an interest in county finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Claudia J. Fickel, Paulding County Auditor, at 115 N. Williams St., Suite 110, Paulding, Ohio 45879-1284.

PAULDING COUNTY

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	$ 10,816,334	$ 327,734	$ 11,144,068
Net Position			
Restricted for:			
Debt Service	394,714	-	394,714
Capital Projects	294,046	-	294,046
Other Purposes	7,791,236	-	7,791,236
Unrestricted	2,336,338	327,734	2,664,072
Total Net Position	$ 10,816,334	$ 327,734	$ 11,144,068

See accompanying notes to the basic financial statements

PAULDING COUNTY

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

		Program Cash Receipts			Net (Cash Disbursements) and Cash Receipts Changes in Net Cash Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General Government:							
Legislative and Executive	$ 2,645,544	$ 1,346,728	$ -	$ -	$ (1,298,816)	$ -	$ (1,298,816)
Judicial	967,628	262,093	56,800	-	(648,735)	-	(648,735)
Public Safety	2,413,919	113,949	271,192	-	(2,028,778)	-	(2,028,778)
Public Works	3,982,641	712,553	3,485,344	-	215,256	-	215,256
Health	170,217	-	115,637	-	(54,580)	-	(54,580)
Human Services	2,439,967	87,523	1,036,004	-	(1,316,440)	-	(1,316,440)
Economic Promotion	275,410	-	203,475	-	(71,935)	-	(71,935)
Conservation/Recreation	91,250	-	-	-	(91,250)	-	(91,250)
Distributions-Payments in Lieu of Taxes	1,039,043	-	-	-	(1,039,043)	-	(1,039,043)
Miscellaneous	351,375	116,600	-	-	(234,775)	-	(234,775)
Capital Outlay	252,998	-	-	-	(252,998)	-	(252,998)
Debt Service:							
Principal Retirement	319,153	-	-	-	(319,153)	-	(319,153)
Interest Charges	66,283	-	-	-	(66,283)	-	(66,283)
Total Governmental Activities	15,015,428	2,639,446	5,168,452	-	(7,207,530)	-	(7,207,530)
Business-Type Activities							
Sanitary Sewer	219,826	280,792	-	-	-	60,966	60,966
Totals	$ 15,235,254	$ 2,920,238	$ 5,168,452	$ -	(7,207,530)	60,966	(7,146,564)
		General Cash Receipts					
		Property Taxes Levied For:					
		General Purposes			1,275,686	-	1,275,686
		Developmental Disabilities			1,152,599	-	1,152,599
		Emergency 911 Service			470,835	-	470,835
		Debt Service			198,522	-	198,522
		Senior Center			157,399	-	157,399
		Sales Taxes			1,935,518	-	1,935,518
		Payments in lieu of taxes (wind energy)			1,819,722	-	1,819,722
		Grants and Entitlements not				-	
		Restricted to Specific Programs			801,748	-	801,748
		Proceeds from Debt			93,089	-	93,089
		Investment Income			77,240	-	77,240
		Loan Repayments			48,293	-	48,293
		Insurance Proceeds			-	-	-
		Miscellaneous			277,993	-	277,993
		Total General Cash Receipts			8,308,644	-	8,308,644
		Change in Net Cash Position			1,101,114	60,966	1,162,080
		Net Cash Position at Beginning of Year			9,715,220	266,768	9,981,988
		Net Cash Position at End of Year			$ 10,816,334	$ 327,734	$ 11,144,068

See accompanying notes to the basic financial statements

PAULDING COUNTY

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

	General	Motor Vehicle Gas Tax	Paulding County Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	$ 2,192,464	$ 905,413	$ 3,507,449	$ 4,211,008	$ 10,816,334
Fund Balances					
Nonspendable	20,784	-	-	-	20,784
Restricted	-	905,413	3,507,449	4,067,134	8,479,996
Committed	-	-	-	143,874	143,874
Assigned	216,092	-	-	-	216,092
Unassigned	1,955,588	-	-	-	1,955,588
Total Fund Balances	$ 2,192,464	$ 905,413	$ 3,507,449	$ 4,211,008	$ 10,816,334

See accompanying notes to the basic financial statements

PAULDING COUNTY

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

	General	Motor Vehicle Gasoline Tax	Paulding Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Cash Receipts					
Property Taxes	$ 1,275,686	$ -	$ 1,152,599	$ 826,757	$ 3,255,042
Sales Taxes	1,935,518	-	-	-	1,935,518
Payments in Lieu of Taxes	386,378	-	104,366	1,328,978	1,819,722
Charges for Services	900,162	456,022	-	709,452	2,065,636
Licenses and Permits	695	-	-	70,959	71,654
Fines and Forfeitures	52,379	35,550	-	194,276	282,205
Intergovernmental	801,748	3,457,272	624,057	1,087,122	5,970,199
Special Assessments	-	-	-	219,950	219,950
Investment Income	75,059	1,568	-	613	77,240
Loan Repayments	-	-	-	48,293	48,293
Other	67,790	-	12,949	197,253	277,992
Total Cash Receipts	5,495,415	3,950,412	1,893,971	4,683,653	16,023,451
Cash Disbursements					
Current:					
General Government:					
Legislative and Executive	1,857,394	-	-	788,150	2,645,544
Judicial	741,193	-	-	226,435	967,628
Public Safety	1,673,885	-	-	740,034	2,413,919
Public Works	21,626	3,773,477	-	187,538	3,982,641
Health	35,605	-	-	134,612	170,217
Human Services	252,938	-	1,413,594	773,434	2,439,966
Economic Promotion	51,373	-	-	224,037	275,410
Conservation-Recreation	91,250	-	-		91,250
Distribution of Payments in Lieu of Taxes	-	-	-	1,039,043	1,039,043
Miscellaneous	304,011	-	-	47,363	351,374
Capital Outlay	106,702	-	-	146,296	252,998
Debt Service:					
Principal Retirement	-	26,130	-	293,023	319,153
Interest and Fiscal Charges	-	130	-	66,153	66,283
Total Cash Disbursements	5,135,977	3,799,737	1,413,594	4,666,118	15,015,426
Excess of Cash Receipts Over (Under) Cash Disbursements	359,438	150,675	480,377	17,535	1,008,025
Other Financing Sources (Uses)					
Proceeds from Sale of Notes				93,089	93,089
Transfers In	14,653	-	-	164,211	178,864
Transfers Out	(124,211)	-	-	(54,653)	(178,864)
Advances In	19,239	-	-	25,430	44,669
Advances Out	(25,430)	-	-	(19,239)	(44,669)
Total Other Financing Sources (Uses)	(115,749)	-	-	208,838	93,089
Net Change in Fund Cash Balances	243,689	150,675	480,377	226,373	1,101,114
Fund Balance at Beginning of Year	1,948,775	754,738	3,027,072	3,984,635	9,715,220
Fund Balance at End of Year	$ 2,192,464	$ 905,413	$ 3,507,449	$ 4,211,008	$ 10,816,334

See accompanying notes to the basic financial statements

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Budgetary Basis Receipts				
Property Taxes	$ 1,210,800	$ 1,210,800	$ 1,275,686	$ 64,886
Sales Taxes	1,927,305	1,927,305	1,935,518	8,213
Payments in Lieu of Taxes	354,476	354,476	386,378	31,902
Charges for Services	588,000	588,000	724,178	136,178
Licenses and Permits	2,187	2,187	695	(1,492)
Fines and Forfeitures	91,500	91,500	52,379	(39,121)
Intergovernmental	743,134	744,262	801,748	57,486
Investment Income	45,177	45,177	75,059	29,882
Other	60,100	60,100	64,859	4,759
Total Budgetary Basis Receipts	5,022,679	5,023,807	5,316,500	292,693
Budgetary Basis Disbursements				
Current:				
General Government:				
Legislative and Executive	1,812,553	1,854,837	1,656,252	198,585
Judicial	771,156	819,472	741,193	78,279
Public Safety	1,666,225	1,701,496	1,673,885	27,611
Public Works	20,806	22,028	21,626	402
Health	40,000	40,000	35,605	4,395
Human Services	368,170	368,170	252,938	115,232
Economic Promotion	51,420	51,420	51,373	47
Conservation/Recreation	90,000	91,250	91,250	-
Miscellaneous	266,522	316,522	259,220	57,302
Capital Outlay	112,948	113,602	106,702	6,900
Total Budgetary Basis Disbursements	5,199,800	5,378,797	4,890,044	488,753
Excess of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements	(177,121)	(354,990)	426,456	781,446
Other Financing Sources (Uses)				
Transfers In	-	-	14,653	14,653
Transfers Out	(25,500)	(125,500)	(124,211)	1,289
Advances In	-	-	19,239	19,239
Advances Out	-	(25,430)	(25,430)	-
Total Other Financing Sources (Uses)	(25,500)	(150,930)	(115,749)	35,181
Net Change in Fund Cash Balance	(202,621)	(505,920)	310,707	816,627
Fund Cash Balance at Beginning of Year	1,613,481	1,613,481	1,613,481	
Fund Cash Balance at End of Year	$ 1,410,860	$ 1,107,561	$ 1,924,188	$ 816,627

See accompanying notes to the basic financial statements

PAULDING COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)
MOTOR VEHICLE GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Budgetary Basis Receipts				
Charges for Services	$ 165,500	$ 165,500	$ 456,022	$ 290,522
Fines and Forfeitures	23,000	23,000	35,550	12,550
Intergovernmental	3,320,000	3,320,000	3,457,272	137,272
Investment Income	1,000	1,000	1,568	568
Total Budgetary Basis Receipts	3,509,500	3,509,500	3,950,412	440,912
Budgetary Basis Disbursements				
Current:				
Public Works	3,587,613	3,901,358	3,773,477	127,881
Debt Service:				
Principal Retirement	17,413	26,130	26,130	-
Interest and Fiscal Charges	-	130	130	-
Total Budgetary Basis Disbursements	3,605,026	3,927,618	3,799,737	127,881
Net Change in Fund Cash Balance	(95,526)	(418,118)	150,675	568,793
Fund Cash Balance at Beginning of Year	754,738	754,738	754,738	
Fund Cash Balance at End of Year	$ 659,212	$ 336,620	$ 905,413	$ 568,793

See accompanying notes to the basic financial statements

PAULDING COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)
PAULDING COUNTY BOARD OF DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Budgetary Basis Receipts				
Property Taxes	$ 1,029,000	$ 1,029,000	$ 1,152,599	$ 123,599
Payments in Lieu of Taxes	95,903	95,903	104,366	8,463
Intergovernmental	636,684	636,684	624,057	(12,627)
Other	12,100	12,100	12,949	849
Total Budgetary Basis Receipts	1,773,687	1,773,687	1,893,971	120,284
Budgetary Basis Disbursements				
Current:				
Human Services	2,509,200	2,504,280	1,413,594	976,824
Net Change in Fund Cash Balance	(735,513)	(730,593)	480,377	1,097,108
Fund Cash Balance at Beginning of Year	3,027,072	3,027,072	3,027,072	
Fund Cash Balance at End of Year	$ 2,291,559	$ 2,296,479	$ 3,507,449	$ 1,097,108

See accompanying notes to the basic financial statements

PAULDING COUNTY

STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2015

	Business Type Activities - Enterprise Funds
Assets	
Equity in Pooled Cash and Investments	$ 327,734
Net Position	
Unrestricted	$ 327,734

See accompanying notes to the basic financial statements

PAULDING COUNTY

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

	Business Type Activities - Enterprise Funds
Operating Cash Receipts	
Charges for Services	$ 247,036
Special Assessments	33,756
Other Operating Cash Receipts	-
Total Operating Cash Receipts	280,792
Operating Cash Disbursements	
Contractual Services	81,753
Claims	-
Debt Service:	
Principal Retirement	50,185
Interest and Fiscal Charges	87,888
Total Operating Cash Disbursements	219,826
Operating Income	60,966
Changes in Net Position	60,966
Net Position at Beginning of Year	266,768
Net Position at End of Year	$ 327,734

See accompanying notes to the basic financial statements

PAULDING COUNTY

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

	Agency
Assets	
Equity in Pooled Cash and Investments	$ 2,538,571
Equity in Cash and Investments in Segregated Accounts	399,641
Total Assets	$ 2,938,212
Net Position	
Unrestricted	$ 2,938,212

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Paulding County, Ohio (the County) is a political and corporate body established in 1820 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 and serving for four year terms. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Common Pleas Court Judge, Probate/Juvenile Court Judge, and the County Court Judge.

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

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity. The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government of Paulding County consists of all funds, departments, boards and agencies that are not legally separate from the County and are directly operated by elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization, or (2) the County is legally entitled to or can otherwise access the organization's resources, (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or (4) the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County if the County approves the budget, the issuance of debt, or the levying of taxes. The County has one component unit, the Paulding County Hospital.

The Paulding County Hospital (the Hospital) operates under the authority of Section 339 of the Ohio Revised Code. It is governed by a Board of Trustees appointed by the County Commissioners, the Probate Judge and the Common Pleas Court Judge of Paulding County. The Hospital is not considered legally separate from the County and for financial reporting purposes should be treated as an Enterprise Fund of the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County to report, and consequently, has been excluded from these financial statements.

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Paulding County Health Department
Paulding County Soil and Water Conservation District
Paulding County Economic Development

Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures.

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY – (Continued)

The County is associated with certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools or Related Organizations. These entities are excluded from the financial statements because the County is not financially accountable for these organizations, nor are they entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

Maumee Valley Planning Organization
Tri-County Alcohol, Drug Addiction and Mental Health Board
Antwerp Community Improvement Corporation
Community Improvement Corporation of Paulding
Four County Solid Waste District
P.C. Workshop, Inc.
County Risk Sharing Authority (See Note 16)
Paulding County Carnegie Library

Maumee Valley Planning Organization is a jointly governed organization between Defiance, Fulton, Henry, Paulding and Williams counties and their respective townships. Its purpose is to act as a joint regional planning commission to write and administer state and federal grants and assist with housing rehabilitation. The 15 member governing board includes one County Commissioner from each member county. The main source of revenue is fees charged to administer grants and a per capita amount from each county. In 2015, the County paid administrative fees of $25,214 to the organization.

Tri-County Alcohol, Drug Addiction and Mental Health Board of Mercer, Paulding and Van Wert counties is a jointly governed organization that provides leadership in planning for and supporting community based alcohol, drug addiction and mental health services in each member county. The governing board consists of 18 members of which 10 are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the county's population bears to the total population of the three counties combined. During 2015, a tax levy produced $285,743 for the operations of the organization. In addition, $24,271 in payments in lieu of taxes from the windfarms were allocated to the Organization.

Antwerp Community Improvement Corporation and Community Improvement Corporation of Paulding are jointly governed organizations representing the Village of Antwerp and Paulding County and its townships, and the Village of Paulding, respectively. Their purpose is to promote and encourage the establishment and growth of industrial, commercial and research facilities within member subdivisions. Their governing boards consist of approximately two-fifths public elected officials.

Four County Solid Waste District is a joint venture between Defiance, Fulton, Paulding and Williams counties for the purpose of making waste disposal in the four county area more comprehensive in terms of recycling, incinerating and land filling. Its governing board consists of three commissioners from each member county. Financial records are maintained by the Williams County auditor. The district's sole revenue source is a waste disposal fee. The County received $97,336 from the District in 2015 to administer its local solid waste reduction program.

P.C. Workshop, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of directors. P.C. Workshop, Inc., under a contractual agreement with the Paulding County Board of Developmental Disabilities (PCBDD), provides sheltered employment for developmentally disabled adults in Paulding County. The County provides building space and administrative staff to P.C. Workshop, Inc. as necessary for the operation of the workshop. The value of this in-kind contribution to the P.C. Workshop for 2014 was $140,526. The in-kind contribution for 2015 is not available at the issue date of these financial statements. The entity issues stand-alone financial statements that may be obtained by writing to P.C. Workshop, Inc., 900 West Caroline Street, Paulding, Ohio 45879.

Paulding County Carnegie Library is a distinct political subdivision of the state of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Paulding County Court of Common Pleas. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to an administerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Paulding County Carnegie Library, Michelle Stahl, CPA, Clerk/Treasurer, at 205 South Main Street, Paulding, Ohio 45879-1492

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

Since fiscal year 2004, the County has implemented the provisions of GASB 34 for financial reporting on a modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles in the United States of America, and GASB 38, for certain financial statement note disclosures. The implementation of these standards did not result in any changes to the County's financial statements.

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

Government-wide Financial Statements

The Statement of Net Position-Modified Cash Basis and the Statement of Activities-Modified Cash Basis display information about the County as a whole. These statements include the financial activity of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid duplicating the reporting of cash receipts and cash disbursements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or part by fees charged to external parties for goods or services.

The Statement of Net Position-Modified Cash Basis presents the modified cash balance of governmental and business-type activities of the County at year end. The Statement of Activities-Modified Cash Basis compares disbursements and program receipts for each program or function of the County's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct cash disbursements with program receipts identifies the extent to which each governmental program is self-financing on a modified cash basis or draws from the general receipts of the County.

Fund Financial Statements

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

B. FUND ACCOUNTING

The County's accounts are maintained in the form of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts. The funds of the County are presented in three categories: governmental, proprietary and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

General Fund – The General fund is the general operating fund of the County and is used for all financial resources not accounted for in another fund. The General fund is available to the County for any purpose provided it is expended or transferred according to Ohio law.

Motor Vehicle Gasoline Tax Fund – This fund accounts for and reports State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State statute to county road and bridge repair and improvement programs.

Paulding County Board of Developmental Disabilities Fund – This fund accounts for and reports the operation of a school and the costs of administering a sheltered workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and Federal and State grants. Disbursements are restricted by State statute and grant agreements to developmental disabilities programs.

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

Proprietary Funds
The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's enterprise funds:

Auglaize Sewer Operation Funds – The sewer funds account for the sanitary sewer services provided to individuals and commercial users in the Auglaize sewer district of the County. The sewer district has its own facilities and rate schedules. The costs of providing these services are financed primarily through user charges. Revenues received from user charges are credited to four Sanitary Sewer funds: Revenue fund, Bond Payment fund, Debt Reserve fund, and Surplus fund. The Revenue fund is used for the upkeep and maintenance of the Sanitary Sewer System. The Bond Payment fund disburses debt payments to the U.S. Department of Agriculture. The Debt Reserve fund maintains a reserve balance to be used if debt payments cannot be made from the Bond Payment fund. The Surplus fund maintains an emergency reserve if debt payments cannot be made from the Bond Payment or Debt Reserve fund.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County has no trust funds.

Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions. The County's only fiduciary funds are agency funds.

C. BASIS OF ACCOUNTING

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes on a modified cash basis of receipts and disbursements. The modified cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than GAAP. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash 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. Budgetary presentations report budgetary disbursements when a commitment is made (i.e. when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in this paragraph.

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

D. CASH RECEIPTS – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

In an exchange transaction, each party gives and receives essentially equal value. Cash receipts and revenue from such transactions are recorded in the year in which the cash is received. In non-exchange transactions, the County receives value without directly giving equal value in return, such as property taxes, grants, entitlements and donations. On a cash basis, receipts and revenues from property taxes are recorded in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

E. CASH DISBURSEMENTS

On the modified cash basis of accounting, disbursements and expenses are recognized at the time payment is made.

F. BUDGETARY PROCESS

All funds, except agency funds and the Hospital Fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and set annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. Since they represent a temporary cash flow resource intended to be repaid, advances in and advances out are not required to be budgeted. The legal level of control has been established by the County Commissioners at the fund, department and object level for all funds.

Budget

In prior years, a budget of estimated cash receipts and disbursements was submitted to the County Auditor, as secretary of the County Budget Commission, by July 20, for the period January 1 to December 31 of the following year. Beginning in 1999, the Budget Commission waived the requirement for all subdivisions to file a tax budget.

Estimated Resources

The County Budget Commission certifies its actions to the County as of September 1. As part of this certification, the County receives the official certificate of estimated resources stating the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include actual unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts set forth in the financial statements represent estimates from the amended certificate in force at the time the final appropriations were passed by the Commissioners.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. The appropriation measure is the County Commissioners' authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by County Commissioners at the fund, function, and object level for all funds. Appropriations may not exceed estimated resources.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted during the year. The budget figures appearing in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to assign the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is canceled at year-end and re-appropriated at the beginning of the subsequent year.

G. POOLED CASH AND INVESTMENTS

To improve cash management, cash received by the County is pooled and invested. Monies for all funds are maintained in this pool, with the limited exception of monies held separately from the County treasury by various departments and officials. Individual fund integrity is maintained through County accounting records. Interest in the pool is presented as "Equity in Pooled Cash and Investments."

Cash and cash equivalents that are held separately within departments of the County are recorded as "Equity in Cash and Investments in Segregated Accounts."

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sale of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2015, the County invested in money market funds, nonnegotiable certificates of deposit, federal, municipality, and corporate debt securities, and STAR Ohio. Investments are reported at cost, except for money market funds and STAR Ohio. The County's money market funds are recorded at the amount reported by First Federal Bank, First Financial Bank, Huntington National Bank, Fifth Third Bank and US Bank at December 31, 2015.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2015. The STAR Ohio Annual Report can be obtained by visiting www.tos.ohio.gov/starohio.

Investment income is allocated to county funds according to state statutes, grant requirements, or debt related restrictions. Interest income credited to the General Fund during 2015 was $75,059, which includes $63,020 assigned from other County funds.

H. INVENTORY AND PREPAID ITEMS

On the modified cash basis of accounting, inventories of supplies are reported as disbursements (current period expenses) when paid. These items are not reflected as assets in the accompanying financial statements.

I. CAPITAL ASSETS

Acquisitions of property, plant and equipment are recorded as disbursements (current period expenses) when paid. These items are not reflected as assets in the accompanying financial statements.

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

J. INTERFUND RECEIVABLES/PAYABLES

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

K. COMPENSATED ABSENCES

In certain circumstances involving leaving employment, employees of the County are entitled to cash payments for accumulated unused leave. Unpaid leave is not reflected as a liability under the cash basis of accounting and as such is not reflected in the accompanying financial statements.

L. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health benefits.

M. LONG TERM OBLIGATIONS

Bonds and other long-term obligations are not recognized as liabilities in these financial statements under the modified cash basis of accounting. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments.

Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, no transactions are recorded at lease inception. Lease payments are reported when paid.

N. PENSION

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 positon 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.

O. NET CASH POSITION

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for, among other things, the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and developmentally disabled, and activities of the County's courts. At December 31, 2015, there were no amounts restricted by enabling legislation.

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

P. FUND BALANCE

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

> Nonspendable – The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Committed – The committed fund balance classification includes amounts that can be used only for 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 the County Commissioners or a County official delegated that authority by resolution or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in other classifications. In other government funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (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.

Q. INTERFUND TRANSACTIONS

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Cash Balance-Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis of accounting and the modified cash basis of accounting is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as an assignment of fund balances (modified cash basis). There were no encumbrances outstanding at year end (budgetary basis).

As part of Governmental Accounting Standards Board Statement No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate funds (Unclaimed Monies, Recorders Equipment and Certificate of Title Funds) are considered part of the General Fund on the modified cash basis. The following table summarizes the adjustments necessary to reconcile the modified cash basis statement to the budgetary basis statement for the General fund:

	Fund Cash Balance General Fund
Cash Basis	$ 2,192,464
Funds Elsewhere	(268,276)
Budgetary Basis	$ 1,924,188

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the County into the following two categories.

Active deposits are public deposits necessary to meet current demands upon the County treasury. Such monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County Commissioners have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Inactive monies may be deposited or invested in the following securities:

A. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States Treasury security that is a direct obligation of the United States.

B. 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.

C. 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.

D. 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.

E. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.

F. No-load money market 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.

G. The State Treasurer's investment pool (STAR Ohio).

H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either security described in division (1) or (2) or cash or both securities and cash, equal value for equal value.

I. Up to twenty-five percent of the County's average portfolio in either of the following:

   1. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.

   2. Bankers' acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.

J. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

K. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,

L. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States government, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

Cash On Hand

At December 31, 2015, the County had $1,473 of undeposited cash on hand, which is included on the statement of net position of the County as part of pooled cash and investments.

Deposits

At December 31, 2015, the carrying amount of all County bank deposits was $10,249,142 and the bank balance was $10,618,418.

Custodial credit risk for bank deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2015, $ 5,770,474 of the County's bank balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires deposits be either insured or 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 December 31, 2015, the County had the following investments:

		Investment Maturities (in years)				
Investment Type	Cost Value	Less than 1	1-2	2-3	3-4	4-5
Federal Home Loan Bank	$ 879,432	$ 99,735	$ 184,473	$ 595,224	$ -	$ -
STAR Ohio	39,135	39,135	-	-	-	-
Federal National Mortgage Association	1,129,666	497,482	-	417,184	215,000	-
Federal Home Loan Mortgage Corp.	1,291,905	339,961	294,041	145,000	163,690	349,213
Certificates of Deposit in Brokered Accts.	493,000	245,000	-	248,000	-	
Total Investments	$ 3,833,138	$ 1,221,313	$ 478,514	$ 1,405,408	$ 378,690	$349,213

Custodial Credit Risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the federal agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the County's name.

The County has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Interest Rate Risk – For an investment, interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County has no investment policy dealing with interest rate risks beyond the requirements of State statutes limiting investments by type and maturity. State statutes requires that an investment mature within five years from the date of purchase, unless matched with a specific obligation or debt of the County and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 270 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk – The federal agency securities carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAAm by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Risk – The County has no investment policy dealing with concentration of credit risk beyond the requirements of State statutes. Ohio law limits investments in commercial paper and bankers' acceptances to 25% of the inactive monies available for investment at any one time. The following table indicates the percentage of investments in the County's portfolio held with various issuers:

STAR Ohio – As an external investment pool, STAR Ohio issues audited financial statements. These statements are available at www.starohio.com or by calling 1-800-648-STAR (7827).

		Cost Value	Percentage of Securities Portfolio
Federal Home Loan Bank	$	879,432	22.9%
STAR Ohio	$	39,135	1.0%
Federal National Mortgage Association	$	1,129,666	29.5%
Federal Home Loan Mortgage Corp	$	1,291,905	33.7%
Certificates of Deposit in Brokered Accts.	$	493,000	12.9%

NOTE 5 – PROPERTY TAX

Property taxes are levied against all real and public utility property located in the County. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2014 on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are 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. 2015 public utility property taxes became a lien on December 31, 2014, are levied after October 1, 2015, and are collected in 2015 with real property taxes.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate applied to real property for all County operations for the fiscal year ended December 31, 2015 was $12.874 per $1,000 of assessed valuation. After adjustment of the rate for inflationary increase in property values, the effective tax rate was $9.45 per $1,000 of assessed valuation of real property classified as residential/agricultural and $11.56 per $1,000 of assessed valuation for all other property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio. The assessed values of real property, public utility property, and tangible personal property upon which 2015 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	$ 375,713,280
Commercial/Industrial	34,454,550
Total real property	410,167,830
Tangible Personal Property-2013 Valuation	
Public utility	39,114,920
Total Valuation	$ 449,282,750

The County Auditor reappraises all real property every six years with a triennial update. The last triennial update was completed for tax year 2013 and the reappraisal was completed for tax year 2010.

NOTE 6 – PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a one percent tax on all retail sales made in the County, and on the storage use, or consumption in the County of tangible personal property, including automobiles, and renewed a resolution to levy an additional one-half percent for permissive sales and use tax. The allocation of the sales tax is 100 percent of the county's general fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection.

The State Tax Commissioner certifies to the State Auditor the amount of tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Permissive sales and use tax receipts for 2015 was $1,935,518.

NOTE 7 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County has contracted with County Risk Sharing Authority (CORSA), a risk sharing pool, for liability, property and crime insurance. CORSA, a non-profit corporation is sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property and casualty and crime insurance coverage for its members. The CORSA program has a $2,500 deductible. CORSA provided coverage as follows:

NOTE 7 - RISK MANAGEMENT – (Continued)

Property	
Building and Contents	Replacement Cost
Valuable Papers	$2,500,000 Each Occurrence
Extra Expense/Business Income	$1,000,000 Each Occurrence
Electronic Data Processing Equipment	$250,000 Each Occurrence
Contractors Equipment	Replacement Cost
Flood and Earthquake	$100,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	$3,845,000
Electronic Data Media	$100,000 Each Occurrence
Automatic Acquisition	$5,000,000
Boiler and Machinery	$100,000,000 Each Accident
Property in Transit	$100,000 Each Occurrence
Unintentional Omissions	$250,000 Each Occurrence
Pollutant Cleanup/Removal	$10,000 Coverage Period
Law Enforcement Canines	$35,000 Each Occurrence

Liability	
Automobile Liability	$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	$250,000 Each Occurrence
General Liability	$1,000,000 Each Occurrence
Excess Liability	$5,000,000 Each Occurrence
Law Enforcement Liability	$1,000,000 Each Occurrence
Errors and Omissions Liability	$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	$25,000 Annual Aggregate
Cyber Liability and Expense	$1,000,000 Annual Aggregate

Crime	
Employee Dishonesty/Faithful Performance	$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	$1,000,000 Each Occurrence
Depositors Forgery	$1,000,000 Each Occurrence
Fund Transfer Fraud	$500,000 Each Occurrence
Computer Fraud	$500,000 Each Occurrence
Individual Public Official Bond Excess	$250,000 Each Occurrence

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA. The County pays all elected officials' bonds by statute. There has been no significant reduction in insurance coverage from 2014, and settled claims have not exceeded this coverage in the past three years.

B. WORKERS' COMPENSATION GROUP RATING PROGRAM

For 2015, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.
The County's contractually required contribution was $584,604 for year 2015.

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.

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

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

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

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

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

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

The County's contractually required contribution to STRS was $6,303 for fiscal year 2015.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportionate Share of the Net Pension Liability	$5,232,716
Proportion of the Net Pension Liability	0.043385%

Actuarial Assumptions - OPERS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability - OPERS	$9,626,698	$5,232,716	$15,319,244

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	STRS
Proportionate Share of the Net Pension Liability	$103,071
Proportion of the Net Pension Liability	0.00042375%

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, 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 Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. 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, 2014. 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, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability - STRS	$147,557	$103,071	$65,450

NOTE 9 - POST EMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including the post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment healthcare through contributions to

OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14% of covered payroll (18.1% of covered payroll for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care for members in the traditional plan was 2.0% in 2015. The amount of employer contributions which was allocated to healthcare for members in the combined plan was 2.0% during calendar year 2015. The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post employment health care plan.

The County's required contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014 and 2013 were $79,775, $76,509 and $42,717, respectively. The full amount has been contributed for each year.

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description - The County contributes to 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. 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 may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal year ended June 30, 2014, STRS Ohio allocated employer contribution equal to 1.0% of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2015, there was no allocation to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended December 31, 2015, 2014, and 2013 were $0, $210 and $632. The full amount has been contributed for each year.

NOTE 10 – OTHER EMPLOYEE BENEFITS

A. INSURANCE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees through Consumer Life Ins. Co. The County provides employee medical insurance through Medical Mutual of Ohio. The premium varies with employees depending on the insurance coverage selected. The County pays a set portion of participating employees' health and life insurance premiums, with the balance being the individual employee's responsibility.

B. SICK LEAVE AND VACATION LEAVE

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time up to the accrual for three years, is paid to employees upon termination of employment.

Employees earn sick leave at the rate of .0575 hours for each hour worked. Unused sick leave accumulates without limit. Non-bargaining unit employees employed before April 30, 2001 with 10 years or more of service may elect upon retirement to receive payment for one half of all accrued, but unused sick credit at the employee's pay rate at the time of retirement. Non-bargaining unit employees employed after April 30, 2001 with 10 years or more of service may elect upon retirement to receive payment for one fourth of all accrued, but unused sick leave credit at the employee's pay rate at the time of retirement.

NOTE 10 – OTHER EMPLOYEE BENEFITS – (Continued)

C. DEFERRED COMPENSATION

Employees of the County may elect to participate in the Ohio Public Employees Deferred Compensation program or the County Commissioners Association of Ohio program. Under these programs, employees authorize a voluntary payroll deduction, which is invested in a plan of their choice. The accumulated value of the account is not distributed to the employee until a future date, usually after retirement. The deferred pay and any income on it is not subject to income taxation until the distribution is made to the employee. These assets are placed in trust by the respective programs to comply with Internal Revenue Code provisions. Accordingly, these assets are not reflected in the accompanying financial statements. Employees of the County deferred $76,440 under these two plans during 2015.

NOTE 11 – LEASES

A. CAPITAL LEASES

The County has entered into a capital lease for the purchase of three 2015 Western Star 4700 SB trucks with snow plow equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are made from the Motor Vehicle Gas Tax Fund (Public Works account) which is designated as a major fund. The three trucks acquired by lease are recorded in the amount of $471,399, which is equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments began July, 2015 in the amount of $111,957. Future minimum lease payments, including interest, are as follows:

Years Ended December 31	Payment Amount	Interest	Present Value of Net Minimum Lease Payments
2016	128,126	12,329	115,797
2017	128,126	8,357	119,769
2018	128,125	4,249	123,876
	$ 384,377	$ 24,935	$ 359,442

B. OPERATING LEASES

The County leases construction equipment used by the Paulding County Engineer and a copier for use by the County Commissioners. The Engineers equipment consists of (3) International trucks and miscellaneous office equipment. All payments are made from the Motor Vehicle Gas Tax Fund (Public Works account) which is designated as a major fund. Lease payments, including principal and interest, in the amount of $103,167 were made in 2015.

Minimum lease payments, including interest, are as follows:

2016	$100,967

The County leases farm ground to tenant farmers under short term operating leases. Minimum future rental income on these leases are as follows:

2016	$ 94,296
2017	$ 94,296
2018	$ 94,296

The leases expire September 1, 2018.

NOTE 12 – DEBT

A. SHORT-TERM DEBT

The changes in the County's short-term debt obligations during the year consist of the following:

	Interest Rate	Principal Outstanding 12/31/2014	Additions	Reductions	Principal Outstanding 12/31/2015
Governmental Activities					
State Bank and Trust Company					
General Obligation Notes					
Consolidated Note	1.90%	$ 58,667	$ 58,667	$ 58,667	$ 58,667
Consolidated Note	1.49%	-	32,574	-	32,574
Jail Construction Note	1.32%	24,010	-	24,010	-
		82,677	91,241	82,677	91,241
Antwerp Exchange Bank					
General Obligation Notes					
Consolidated Note	1.40%	32,574	-	32,574	-
		32,574	-	32,574	-
Paulding County Commissioners					
Consolidated Note	1.40%	2,301	1,848	2,301	1,848
Consolidated Note	1.47%	664	-	664	-
		2,965	1,848	2,965	1,848
TOTAL		$ 118,216	$ 93,089	$ 118,216	$ 93,089

Initial proceeds from the Tax Anticipation Notes and General Obligation Notes were used for the construction and reconstruction of ditches, tax increment financing (TIF) projects and various other capital projects. Property owners receiving the benefits of the construction or reconstruction of a ditch are assessed over an eight year period for their portion of the construction in an amount determined by the County Engineer. These special assessments collected are applied to the outstanding notes. Special assessment ditch notes are reissued annually until the entire amount of the assessment has been collected.

Tax increment financing (TIF) was used to fund various infrastructure projects. Written agreements between the County and local businesses who benefited from the improvements require the businesses to make service payments in lieu of taxes. The service payments are applied to the outstanding notes. TIF notes consist of both Tax Anticipation Notes and General Obligation Notes, and are reissued annually until the cost of the project has been recovered, not to exceed ten years.

Other capital projects funded by General Obligation Notes include building improvements, county annex renovations, human service building improvements, tractor purchase, and improvements to the fair board. These notes are re-issued annually until the costs of the projects have been recovered.

NOTE 12 – DEBT – (Continued)

B. LONG TERM DEBT

The original issue date, interest rate, original issue amount, and balance at December 31, 2015 for the County's long-term debt issues are as follows:

	Original Issue Date	Interest Rate	Original Issue Amount
Various Purpose Refunding and Improvement Bonds Unlimited Tax: Series 2011	2011	1.0 - 3.8%	$ 2,230,000
Ohio Department of Transportation:			
SIB Loan County Road Project	2004	3.00%	125,067
Ohio Public Works Commission Loans:			
County Road Resurfacing	1997	0.00%	159,623
County Road Paving	1999	0.00%	188,617
USDA Sanitary Sewer Revenue Bonds, Series 2011	2011	3.38%	2,514,000
Ohio Water Development Authority:			
Auglaize River Area Sewers	2011	1.00%	1,390,000
JFS Building Loan	2014	3.10%	456,205
			$ 7,063,512

NOTE 12 – DEBT – (Continued)

The County's long-term debt activity for the year ended December 31, 2015, was as follows:

	Principal Outstanding 12/31/2014	Additions	Reductions	Principal Outstanding 12/31/2015	Due Within One Year
Governmental Activities:					
Ohio Department of Transportation (ODOT):					
SIB Loan County Road Paving	$ 8,718	$ -	$ 8,718	$ -	$ -
Various Purpose Refunding and Improvements					
Bonds, Series 2012	1,780,000	-	160,000	1,620,000	160,000
Ohio Public Works Commission (OPWC) Loans:					
County Road Resurfacing	27,937	-	7,981	19,956	7,981
County Road Paving	47,152	-	9,431	37,721	9,431
Total OPWC Loans	75,089	-	17,412	57,677	17,412
JFS Building Loan	456,205	-	14,808	441,397	15,229
Total Governmental Activities	$ 2,320,012	$ -	$ 200,938	$ 2,119,074	$ 192,641

	Principal Outstanding 12/31/2014	Additions	Reductions	Principal Outstanding 12/31/2015	Due Within One Year
Business-Type Activities:					
United State Department of Agriculture (USDA):					
Sanitary Sewer Revenue Bonds	$ 2,480,400	$ -	$ 34,700	$ 2,445,700	$ 35,700
Ohio Water Development Authority					
Auglaize River Area Sewers	919,663	-	15,485	904,178	28,132
Total Business-Type Activities	$ 3,400,063	$ -	$ 50,185	$ 3,349,878	$ 63,832

NOTE 12 – DEBT – (Continued)

The Various Purpose Refunding and Improvement Bonds, Series 2011 were issued to refinance the Paulding County Hospital Bonds and the voted Jail Bond Anticipation Note. The bonds, which were issued September 6, 2011, are payable from voted property tax revenues. At December 31, 2015, the bonds consisted of $1,620,000 in current interest bonds. Of these bonds, $330,000 were serial bonds and $1,290,000 were term bonds. The serial bonds bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date	Principal Amount	Interest Rate
12/1/2016	160,000	2.0%
12/1/2017	170,000	2.0%
	$ 330,000	

The term bonds, at various principal amounts and interest rates mature on December 1 annually starting December 1, 2018. These bonds are subject to mandatory sinking redemption at set amounts at a reduction price equal to 100% of the principal amount redeemed, plus accrued interest at the redemption date. Following is the schedule of the various bonds and their respective interest rates:

Bond Maturity Date	Principal Redemption Date	Principal Redemption Amount	Interest Rate
December 1, 2019	December 1, 2018	$ 170,000	2.6%
	December 1, 2019	170,000	
		$ 340,000	
December 1, 2021	December 1, 2020	$ 180,000	3.0%
	December 1, 2021	180,000	
		$ 360,000	
December 1, 2023	December 1, 2022	$ 165,000	3.4%
	December 1, 2023	170,000	
		$ 335,000	
December 1, 2026	December 1, 2024	$ 75,000	3.8%
	December 1, 2025	90,000	
	December 1, 2026	90,000	
		$ 255,000	
Total Term Bonds		$ 1,290,000	

In 2004, the County obtained an Ohio State Infrastructure Bank (SIB) loan for the local matching share of the County Road 144 project. In July 2007, repayment began from the Gas Tax Special Revenue fund.

In 1997, the County obtained an interest free loan from the Ohio Public Works Commission (OPWC) in the amount of $159,623, for the resurfacing of several county roads. In 1999, another interest free loan was obtained from OPWC in the amount of $188,617, for paving several county roads. The loans are repaid from the Motor Vehicle Gas Tax Special Revenue fund in semi-annual installments of $8,706 through 2019.

The United States Department of Agriculture (USDA) Sanitary Sewer Revenue bonds were issued to fund construction of the Paulding-Defiance Joint Sewer District sanitary sewer system in Auglaize Township of Paulding County. The bonds will be repaid by sewer usage charges paid by service recipients. The bonds, which were issued July 28, 2011, are payable, starting in July 2014 and continuing through July 2051, at a fixed rate of 3.375%. The bond issue was for $2,514,000.

NOTE 12 – DEBT – (Continued)

The following is a summary of the County's required future annual debt service payments for the long-term obligations:

Years Ended	Various Purpose Refunding and Improvement Bonds		Ohio Public Works Commission Loans		USDA Sanitary Sewer Revenue Bonds		Ohio Water Development Authority		JFS Building Loan		Totals	
December 31	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 160,000	$ 47,320	$ 17,412	$ -	$ 35,700	$ 82,542	$ 28,132	$ 8,972	$ 15,229	$ 13,721	$ 256,473	$ 152,555
2017	170,000	44,120	17,412	-	37,100	81,338	28,414	8,690	15,739	13,211	268,665	147,359
2018	170,000	40,720	17,412	-	38,300	80,085	28,699	8,405	16,227	12,723	270,638	141,933
2019	170,000	36,300	5,441	-	39,600	78,793	28,987	8,117	16,730	12,220	260,758	135,430
2020	180,000	31,880	-	-	40,800	77,456	29,277	7,826	17,216	11,734	267,293	128,896
2021-2025	680,000	79,560	-	-	226,200	365,627	150,849	34,670	360,256	41,321	1,417,305	521,178
2026-2030	90,000	3,420	-	-	267,200	324,786	158,563	26,956	-		515,763	355,162
2031-2035	-	-	-	-	315,400	276,561	166,672	18,847	-		482,072	295,408
2036 & beyond	-	-	-	-	1,445,400	448,953	284,585	12,246	-		1,729,985	461,199
	$1,620,000	$ 283,320	$ 57,677	$ -	$2,445,700	$1,816,141	$ 904,178	$ 134,729	$ 441,397	$ 104,930	$5,468,952	$2,339,120

NOTE 13 – PROVISION FOR UNCOMPENSATED ABSENCES

Accumulated unpaid vacation, personal, compensatory time and sick leave are not accrued under the modified cash basis of accounting described in Note 2. All leave will either be absorbed by time off from work, or within certain limitations, be paid to employees. The liability is not recorded on the financial statements.

NOTE 14 – CONTINGENT LIABILITIES

A. GRANTS

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, the County Commissioners believe such refunds, if any, would not be material.

NOTE 14 – CONTINGENT LIABILITIES – (Continued)

B. LEGAL MATTERS

The County has various legal cases pending, the outcome of which is not determinable as of the date of this report, however, management believes that the resolution of these matters will not have a material adverse effect on the County's financial condition.

NOTE 15 – FUND BALANCES

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

Fund Balances	General	Motor Vehicle Gasoline Tax Fund	PCBDD Fund	Other Governmental	Total Governmental Funds
Restricted For:					
Legislative and Executive Programs				$ 699,554	$ 699,554
Judicial Programs				695,972	695,972
Public Safety Programs				570,238	570,238
Public Works Projects		$ 905,413		224,337	1,129,750
Human Service Programs			$ 3,507,449	404,540	3,911,989
Economic Development				320,326	320,326
Health Programs				292,753	292,753
Other Purposes				394,991	394,991
Debt Service				394,714	394,714
Capital Projects				69,709	69,709
Total Restricted		905,413	3,507,449	4,067,134	8,479,996
Committed For:					
Human Service Programs					
Capital Improvements				143,874	143,874
Total Committed				143,874	143,874
Non-Spendable For:					
Unclaimed Monies	$ 20,784				$ 20,784
Assigned For:					
Budget Stablization	216,092				216,092
Unassigned	1,955,588				1,955,588
Total Fund Balance	$ 2,192,464	$ 905,413	$ 3,507,449	$ 4,211,008	$ 10,816,334

NOTE 16 – PUBLIC ENTITY RISK POOLS

A. COUNTY RISK SHARING AUTHORITY, INC.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio not-for-profit 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.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees 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.

B. COUNTY COMMISSIONERS ASSOCIATION OF OHIO SERVICE CORPORATION

The County participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance 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 participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

NOTE 17 – TRANSFERS

During 2015, the County Commissioners authorized $358,850 in transfers between funds, broken down into the following amounts:

- $9,806 from the Martin Snyder Ditch Fund (Other Governmental Funds) to the General Fund the fund regulations to clear out the remaining fund balance.
- $2,853 from the Eagle Creek – Wilson Ditch Fund (Other Governmental Funds) to the General Fund per fund regulations to clear out the remaining fund balance.
- $1,994 from the Nancy Sunday Tile Fund (Other Governmental Funds) to the General Fund per fund regulations to clear out the remaining fund balance.
- $24,211 from the General fund to the unvoted Jail Debt Service fund to pay principal and interest due on the unvoted jail obligation.
- $100,000 from the General fund to the Capital Improvement Fund (Other Governmental Funds) to support future capital improvements.
- $40,000 from the Eaton Farm Fund (Other Governmental Funds) to the JE Activity Fund (Other Governmental Funds) to support future capital improvements.
-

The County Commissioners believe that all transfers were made in accordance with Ohio Revised Code 5705.14, 5705.15 and 5705.16.

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 11, 2016