



Dave Yost • Auditor of State



**CHAMPAIGN COUNTY  
DECEMBER 31, 2016**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis .....	3
Statement of Activities – Cash Basis .....	4
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds .....	6
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds .....	8
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund .....	10
Job and Family Services Fund .....	11
Motor Vehicle License Gas Tax Fund .....	12
Lawnview 169 Board Fund .....	13
Children's Services Fund .....	14
Statement of Cash Basis Fiduciary Net Position – Agency Funds .....	15
Notes to the Basic Financial Statements .....	17
Schedule of Expenditures of Federal Awards .....	45
Notes to the Schedule of Expenditures of Federal Awards .....	47
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	49
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	51
Schedule of Findings .....	53
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	55
Corrective Action Plan .....	56





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South U.S. Highway 68, Suite B300  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other Matters**

*Supplemental Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 21, 2018

Champaign County  
Statement of Net Position - Cash Basis  
December 31, 2016

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$18,815,428</u>
 <u>Net Position</u>	
Restricted for	
Debt Service	\$31,559
Capital Projects	304,208
Public Works	3,723,472
Health	4,304,628
Children's Services	1,641,134
Other Purposes	3,873,486
Unrestricted	<u>4,936,941</u>
 Total Net Position	 <u>\$18,815,428</u>

See Accompanying Notes to the Basic Financial Statements

Champaign County  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2016

	Program Receipts			Net (Disbursements) Receipts and Change in Net Position	
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>					
General Government					
Legislative and Executive	\$4,062,186	\$1,870,156	\$2,515	\$0	(2,189,515)
Judicial	2,756,946	970,839	296,308	0	(1,489,799)
Public Safety	4,352,811	305,670	124,170	0	(3,922,971)
Public Works	5,952,113	773,627	4,222,929	607,352	(348,205)
Health	3,633,758	123,714	1,472,604	0	(2,037,440)
Human Services	5,348,103	132,001	3,715,888	0	(1,500,214)
Conservation and Recreation	295,139	0	0	0	(295,139)
Economic Development and Assistance	700,221	194,175	616,099	0	110,053
Capital Outlay	584,062	0	0	0	(584,062)
Debt Service					
Principal Retirement	348,119	0	0	0	(348,119)
Interest and Fiscal Charges	23,600	0	0	0	(23,600)
Total Governmental Activities	<u>28,057,058</u>	<u>4,370,182</u>	<u>10,450,513</u>	<u>607,352</u>	<u>(12,629,011)</u>
<u>General Receipts</u>					
Property Taxes Levied for					
General Operating					1,915,799
Lawnview 169 Board					2,509,228
Children's Services					532,590
Sales Taxes					5,512,342
Grants and Entitlements not Restricted to Other Programs					1,332,155
Interest					370,244
Other					3,422,376
Total General Receipts					<u>15,594,734</u>
Change in Net Position					2,965,723
Net Position at Beginning of Year					<u>15,849,705</u>
Net Position at End of Year					<u>\$18,815,428</u>

See Accompanying Notes to the Basic Financial Statements



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Champaign County  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2016

	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,936,941	\$316,922	\$3,723,472	\$4,244,628
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	42,742	0	0	60,000
<b>Total Assets</b>	<b>\$4,979,683</b>	<b>\$316,922</b>	<b>\$3,723,472</b>	<b>\$4,304,628</b>
<u>Fund Balances</u>				
Nonspendable	\$42,742	\$0	\$0	\$60,000
Restricted	134,832	316,922	3,723,472	4,244,628
Committed	699,792	0	0	0
Assigned	2,727,513	0	0	0
Unassigned	1,374,804	0	0	0
<b>Total Fund Balances</b>	<b>\$4,979,683</b>	<b>\$316,922</b>	<b>\$3,723,472</b>	<b>\$4,304,628</b>

See Accompanying Notes to the Basic Financial Statements

Children's Services	Other Governmental	Total
\$1,641,134	\$3,849,589	\$18,712,686
0	0	102,742
<u>\$1,641,134</u>	<u>\$3,849,589</u>	<u>\$18,815,428</u>
\$0	\$0	\$102,742
1,641,134	3,849,589	13,910,577
0	0	699,792
0	0	2,727,513
0	0	1,374,804
<u>\$1,641,134</u>	<u>\$3,849,589</u>	<u>\$18,815,428</u>

Champaign County  
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2016

	General	Job and Family Services	Motor Vehicle	
			License Gas Tax	Lawnview 169 Board
<u>Receipts</u>				
Property Taxes	\$1,915,799	\$0	\$0	\$2,509,228
Sales Taxes	5,512,342	0	0	0
Other Local Taxes	0	0	500,030	0
Special Assessments	0	0	0	0
Charges for Services	2,170,363	0	377	76
Licenses and Permits	260,197	0	0	0
Fines and Forfeitures	108,546	0	0	0
Intergovernmental	1,771,236	2,206,377	3,691,014	1,469,853
Interest	369,950	0	31,148	251
Other	880,969	958,837	823,183	722,689
<b>Total Receipts</b>	<b>12,989,402</b>	<b>3,165,214</b>	<b>5,045,752</b>	<b>4,702,097</b>
<u>Disbursements</u>				
<u>Current</u>				
<u>General Government</u>				
Legislative and Executive	3,568,139	0	0	0
Judicial	2,209,115	0	0	0
Public Safety	4,154,121	0	0	0
Public Works	1,502,677	0	4,366,239	0
Health	82,509	0	0	3,449,227
Human Services	237,892	3,045,046	0	0
Conservation and Recreation	295,139	0	0	0
Economic Development and Assistance	92,716	0	0	0
Capital Outlay	0	0	0	0
<u>Debt Service</u>				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Disbursements</b>	<b>12,142,308</b>	<b>3,045,046</b>	<b>4,366,239</b>	<b>3,449,227</b>
Excess of Receipts Over (Under) Disbursements	847,094	120,168	679,513	1,252,870
<u>Other Financing Sources (Uses)</u>				
Advances In	1,327	0	0	0
Advances Out	0	0	0	0
Transfers In	0	74,868	0	0
Transfers Out	(405,625)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(404,298)</b>	<b>74,868</b>	<b>0</b>	<b>0</b>
<b>Changes in Fund Balances</b>	<b>442,796</b>	<b>195,036</b>	<b>679,513</b>	<b>1,252,870</b>
Fund Balances at Beginning of Year	4,536,887	121,886	3,043,959	3,051,758
<b>Fund Balances at End of Year</b>	<b>\$4,979,683</b>	<b>\$316,922</b>	<b>\$3,723,472</b>	<b>\$4,304,628</b>

See Accompanying Notes to the Basic Financial Statements

Children's Services	Other Governmental	Total
\$532,590	\$0	\$4,957,617
0	0	5,512,342
0	0	500,030
0	24,040	24,040
0	1,145,168	3,315,984
0	78,033	338,230
0	83,352	191,898
746,375	2,473,766	12,358,621
0	294	401,643
6,344	30,354	3,422,376
<u>1,285,309</u>	<u>3,835,007</u>	<u>31,022,781</u>
0	494,047	4,062,186
0	547,831	2,756,946
0	198,690	4,352,811
0	83,197	5,952,113
0	102,022	3,633,758
1,322,718	742,447	5,348,103
0	0	295,139
0	607,505	700,221
0	584,062	584,062
0	348,119	348,119
0	23,600	23,600
<u>1,322,718</u>	<u>3,731,520</u>	<u>28,057,058</u>
<u>(37,409)</u>	<u>103,487</u>	<u>2,965,723</u>
0	0	1,327
0	(1,327)	(1,327)
0	388,945	463,813
(69)	(58,119)	(463,813)
<u>(69)</u>	<u>329,499</u>	<u>0</u>
(37,478)	432,986	2,965,723
<u>1,678,612</u>	<u>3,416,603</u>	<u>15,849,705</u>
<u>\$1,641,134</u>	<u>\$3,849,589</u>	<u>\$18,815,428</u>

Champaign County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Property Taxes	\$1,856,500	\$1,856,500	\$1,906,191	\$49,691
Sales Taxes	5,500,000	5,500,000	5,512,342	12,342
Charges for Services	1,889,924	2,198,441	2,170,363	(28,078)
Licenses and Permits	169,000	269,000	260,197	(8,803)
Fines and Forfeitures	105,850	105,850	108,546	2,696
Intergovernmental	1,658,606	1,728,606	1,771,236	42,630
Interest	333,650	333,627	366,354	32,727
Other	676,718	1,009,871	880,969	(128,902)
<b>Total Receipts</b>	<b>12,190,248</b>	<b>13,001,895</b>	<b>12,976,198</b>	<b>(25,697)</b>
<u>Disbursements</u>				
<u>Current</u>				
<u>General Government</u>				
Legislative and Executive	4,213,669	4,199,566	3,614,958	584,608
Judicial	2,382,968	2,418,821	2,233,531	185,290
Public Safety	4,271,474	4,280,227	4,163,962	116,265
Public Works	2,069,445	2,089,561	1,538,336	551,225
Health	83,028	83,049	82,509	540
Human Services	366,912	368,951	239,892	129,059
Conservation and Recreation	293,379	295,139	295,139	0
Economic Development and Assistance	145,060	145,060	92,716	52,344
<b>Total Disbursements</b>	<b>13,825,935</b>	<b>13,880,374</b>	<b>12,261,043</b>	<b>1,619,331</b>
Excess of Receipts Over (Under) Disbursements	(1,635,687)	(878,479)	715,155	1,593,634
<u>Other Financing Sources (Uses)</u>				
Advances In	0	0	1,327	1,327
Transfers Out	(405,625)	(405,625)	(405,625)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(405,625)</b>	<b>(405,625)</b>	<b>(404,298)</b>	<b>1,327</b>
Changes in Fund Balance	(2,041,312)	(1,284,104)	310,857	1,594,961
Fund Balance at Beginning of Year	4,207,833	4,207,833	4,207,833	0
Prior Year Encumbrances Appropriated	186,651	186,651	186,651	0
<b>Fund Balance at End of Year</b>	<b>\$2,353,172</b>	<b>\$3,110,380</b>	<b>\$4,705,341</b>	<b>\$1,594,961</b>

See Accompanying Notes to the Basic Financial Statements

Champaign County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
Job and Family Services Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Intergovernmental	\$2,307,458	\$2,132,438	\$2,206,377	\$73,939
Other	1,032,842	1,032,776	958,837	(73,939)
Total Receipts	3,340,300	3,165,214	3,165,214	0
<u>Disbursements</u>				
<u>Current</u>				
Human Services	3,405,191	3,352,890	3,121,909	230,981
Excess of Receipts Over (Under) Disbursements	(64,891)	(187,676)	43,305	230,981
<u>Other Financing Sources</u>				
Transfers In	74,868	74,868	74,868	0
Changes in Fund Balance	9,977	(112,808)	118,173	230,981
Fund Balance at Beginning of Year	96,201	96,201	96,201	0
Prior Year Encumbrances Appropriated	25,685	25,685	25,685	0
Fund Balance at End of Year	<u>\$131,863</u>	<u>\$9,078</u>	<u>\$240,059</u>	<u>\$230,981</u>

See Accompanying Notes to the Basic Financial Statements

Champaign County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
Motor Vehicle License Gas Tax Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Other Local Taxes	\$450,000	\$450,000	\$500,030	\$50,030
Charges for Services	250	250	377	127
Intergovernmental	4,200,000	4,057,139	3,691,014	(366,125)
Interest	25,000	25,000	31,148	6,148
Other	513,000	513,363	823,183	309,820
<b>Total Receipts</b>	<b>5,188,250</b>	<b>5,045,752</b>	<b>5,045,752</b>	<b>0</b>
<u>Disbursements</u>				
Current				
Public Works	5,949,978	5,951,748	4,375,173	1,576,575
<b>Changes in Fund Balance</b>	<b>(761,728)</b>	<b>(905,996)</b>	<b>670,579</b>	<b>1,576,575</b>
Fund Balance at Beginning of Year	3,036,795	3,036,795	3,036,795	0
Prior Year Encumbrances Appropriated	7,164	7,164	7,164	0
<b>Fund Balance at End of Year</b>	<b>\$2,282,231</b>	<b>\$2,137,963</b>	<b>\$3,714,538</b>	<b>\$1,576,575</b>

See Accompanying Notes to the Basic Financial Statements



Champaign County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
Lawnview 169 Board Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Property Taxes	\$2,689,556	\$2,689,556	\$2,496,519	(\$193,037)
Charges for Services	0	0	76	76
Intergovernmental	940,822	1,241,334	1,469,853	228,519
Interest	0	251	251	0
Other	95,939	755,939	722,689	(33,250)
<b>Total Receipts</b>	<b>3,726,317</b>	<b>4,687,080</b>	<b>4,689,388</b>	<b>2,308</b>
<u>Disbursements</u>				
Current				
Health	3,559,345	3,869,345	3,517,759	351,586
Changes in Fund Balance	166,972	817,735	1,171,629	353,894
Fund Balance at Beginning of Year	2,822,193	2,822,193	2,822,193	0
Prior Year Encumbrances Appropriated	84,381	84,381	84,381	0
<b>Fund Balance at End of Year</b>	<b>\$3,073,546</b>	<b>\$3,724,309</b>	<b>\$4,078,203</b>	<b>\$353,894</b>

See Accompanying Notes to the Basic Financial Statements

Champaign County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
Children's Services Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Property Taxes	\$589,248	\$589,248	\$529,895	(\$59,353)
Intergovernmental	849,413	640,779	746,375	105,596
Other	51,425	51,425	6,344	(45,081)
Total Receipts	1,490,086	1,281,452	1,282,614	1,162
<u>Disbursements</u>				
<u>Current</u>				
Human Services	1,316,190	2,316,259	1,831,383	484,876
Excess of Receipts Over (Under) Disbursements	173,896	(1,034,807)	(548,769)	486,038
<u>Other Financing Uses</u>				
Transfers Out	(69)	(69)	(69)	0
Changes in Fund Balance	173,827	(1,034,876)	(548,838)	486,038
Fund Balance at Beginning of Year	1,422,469	1,422,469	1,422,469	0
Prior Year Encumbrances Appropriated	225,314	225,314	225,314	0
Fund Balance at End of Year	<u>\$1,821,610</u>	<u>\$612,907</u>	<u>\$1,098,945</u>	<u>\$486,038</u>

See Accompanying Notes to the Basic Financial Statements

Champaign County  
Statement of Cash Basis Fiduciary Net Position  
Agency Funds  
December 31, 2016

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$8,825,429
Cash and Cash Equivalents in Segregated Accounts	<u>592,895</u>
Total Assets	<u><u>\$9,418,324</u></u>
 <u>Net Position</u>	
Due to Other Governments	\$2,493,558
Undistributed Assets	<u>6,924,766</u>
Total Net Position	<u><u>\$9,418,324</u></u>

See Accompanying Notes to the Basic Financial Statements

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Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 1 - Reporting Entity**

Champaign County (the County) is a body politic and corporate established in 1805 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. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and two Family Court Judges.

Although 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 the chief administrators of public services for the entire County.

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

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Champaign County, this includes the Champaign County Board of Developmental Disabilities (DD), Children's Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Component Units**

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; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Champaign County in 2016.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but the organizations are not considered part of Champaign County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

- Champaign County District Board of Health
- Champaign County Family and Children First Council
- Champaign County Local Emergency Planning Commission
- Champaign Countywide Public Safety Communications System Council of Governments
- Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties
- Soil and Water Conservation District
- Tri-County Regional Jail

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 1 - Reporting Entity** (continued)

The County participates in certain organizations which are defined as joint ventures, jointly governed organizations, and insurance pools. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements. These organizations are:

- Tri-County Regional Jail
- Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties
- Central Ohio Youth Center
- Champaign County Family and Children First Council
- Fairways Regional Council of Governments
- Champaign Countywide Public Safety Communications System Council of Governments
- North Central Ohio Solid Waste Management District
- County Risk Sharing Authority, Inc.
- County Commissioners Association of Ohio Service Corporation
- County Employee Benefits Consortium of Ohio, Inc.

**Note 2 - Summary of Significant Accounting Policies**

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. However, the County has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental 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 the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general receipts of the County.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The County's major governmental funds are the General Fund and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds.

**General Fund** - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Job and Family Services Fund** - This fund accounts for federal, state, and local resources restricted to providing general relief and to pay providers of medical assistance and social services.

**Motor Vehicle License Gas Tax Fund** - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by State law to county road and bridge repair/improvement programs.

**Lawnview 169 Board** - This fund accounts for a County-wide property tax levy and federal and state grants restricted for the operation of a school for persons who are developmentally disabled.

**Children's Services** - This fund accounts for federal, state, and local resources restricted to promoting and protecting children, stable families, adoption assistance, and supportive communities.

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

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**Fiduciary Funds**

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County did not have any trust funds in 2016. The County's agency funds 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.

**C. Basis of Accounting**

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

**D. Budgetary Process**

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

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

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



Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**E. Cash and Investments**

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Cash and cash equivalents that are held separately within departments of the County and not held by the County Treasurer are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

During 2016, the County invested in nonnegotiable certificates of deposit, which are reported at cost, and STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) statement No. 79, “Certain External Investment Pools and Pool Participants”. The County measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The net asset value per share is calculated on an amortized cost basis that provides a net asset value per share that approximates fair value.

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

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 were \$369,950 which includes \$320,803 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales 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.

**F. Restricted Assets**

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

Unclaimed monies that have a legal restriction on their use and the nonspendable portion of a trust are reported as restricted.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**G. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Compensated Absences**

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

**I. Long-Term Obligations**

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**J. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for child support and welfare services, various law enforcement related activities, and activities of the County's courts. 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.

**K. 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 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** - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Committed - The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the County Commissioners. The 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. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 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. Assigned amounts represent intended uses established by the County Commissioners. The County Commissioners have authorized each department manager to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2017 budget along with amounts for auto title administration, operations of the County transit system, and various other purposes.

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

The County first applies restricted resources when an expenditure is 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 can be used.

**L. Pension**

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

**M. Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods 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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Change in Accounting Principles**

For 2016, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 79, "Certain External Investment Pools and Pool Participants", and GASB Statement No. 82, "Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No. 73".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the County's financial statements as the County does not have any material GASB Statement No. 77 tax abatements.

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

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 - Compliance**

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

**Note 5 - 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 Statements of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund, and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is primarily outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General Fund, Job and Family Services Fund, Motor Vehicle License Gas Tax Fund, Lawnview 169 Board Fund, and Children's Services Fund were \$118,735, \$76,863, \$8,934, \$68,532, and \$508,665, respectively.

**Note 6 - Deposits and Investments**

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

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 6 - Deposits and Investments** (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 6 - Deposits and Investments** (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk for 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. At year end, \$158,325 of the County's bank balance of \$23,776,223 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

At December 31, 2016, the County had \$5,142,334 invested with STAR Ohio. This investment had an average maturity of 52 days and a rating of AAA by Standard and Poor's. The County has no policy for interest rate or 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.

**Note 7 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 7 - Property Taxes** (continued)

Public utility property tax revenues received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2014, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2016, was \$11.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$710,964,290
Commercial/Industrial/Mineral	84,486,060
Public Utility Property	
Real	246,900
Personal	30,472,730
Total Assessed Value	<u>\$826,169,980</u>

**Note 8 - Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Sales tax is credited to the 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 the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is to be made within five days of the certification.

**Note 9 - Risk Management**

**A. Property and Liability**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage.



Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 9 - Risk Management** (continued)

Coverage provided was as follows:

Property	\$62,200,095
General Liability	1,000,000
Excess Liability	4,000,000
Automobile Liability	1,000,000
Law Enforcement Liability	1,000,000

With the exceptions of workers' compensation and medical and life insurance coverage, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2015 and settled claims have not exceeded this coverage in the past three years.

**B. Workers Compensation**

For 2016, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (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.

**C. Medical and Life Insurance**

For 2016, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 10 - Significant Commitments**

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2017 are as follows:

General Fund	\$118,735
Job and Family Services	76,863
Lawnview 169 Board Fund	68,532
Children's Services	508,665

**Note 11 - Defined Benefit Pension Plan**

**Net Pension Liability**

Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The 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.

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

GASB Statement No. 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 the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 11 - Defined Benefit Pension Plan** (continued)

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

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

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

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 11 - Defined Benefit Pension Plan** (continued)

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7 2013, or five years after January 7, 2013	20 years of service credit prior to January 7 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7 2013
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	<b>Public Safety and Law Enforcement Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	<b>Public Safety and Law Enforcement Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

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

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

When a benefit recipient has received benefits for twelve 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.

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer			
Pension	12.0 %	16.1 %	16.1 %
Postemployment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

\*\* This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 11 - Defined Benefit Pension Plan** (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$1,400,127 for 2016.

**Net Pension Liability**

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense.

Proportion of the Net Pension Liability:	
Current Measurement Date	0.09092300%
Prior Measurement Date	0.09210600%
Change in Proportionate Share	0.00118300%
Proportionate Share of the Net Pension Liability	\$15,749,010

**Actuarial Assumptions**

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 was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	8 percent
Actuarial Cost Method	individual entry age

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 11 - Defined Benefit Pension Plan** (continued)

Mortality rates were based on the RP-2000 Mortality Table projected twenty 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 Benefit 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 investment expenses, for the Defined Benefit portfolio was .4 percent for 2015.

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 2015 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 11 - Defined Benefit Pension Plan** (continued)

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 as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$25,092,020	\$15,749,010	\$7,868,476

**Changes Between Measurement Date and Report Date**

In October 2016, the OPERS Board adopted certain assumption changes which will impact the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County's net pension liability is expected to be significant.

**Note 12 - Postemployment Benefits**

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 45. See OPERS' CAFR referenced below for additional information.

**Note 12 - Postemployment Benefits** (continued)

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

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the traditional pension and combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. As recommended by the OPERS actuary, the portion of the employer contribution allocated to health care beginning January 1, 2016, remained at 2 percent for both the traditional and combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a retiree medical account for member-directed plan members. The employer contribution as a percentage of covered payroll deposited into the retiree medical accounts for 2016 was 4 percent.

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

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$225,574, \$201,441, and \$240,528, respectively. For 2016, 91 percent has been contributed. The full amount has been contributed for 2015 and 2014.



Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 13 - Compensated Absences**

County employees earn vacation and sick leave at varying rates depending on length of service. Currently, employees are not permitted to accrue or carry over more than the equivalent of three year's vacation leave. All accumulated unused vacation time is paid upon separation from the County. County employees hired after March 1, 1983, are paid for thirty days of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement, while those employees hired prior to March 1, 1983, are paid for one hundred twenty days of accumulated unused sick leave.

**Note 14 - Long-Term Obligations**

The County's long-term debt activity for the year ended December 31, 2016, was as follows:

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2005 County Building Refunding (Original Amount \$2,010,000)	4.5%	\$590,000	\$0	\$290,000	\$300,000	\$300,000
OPWC Loan						
2002 Ohio Public Works Commission (Original Amount \$871,786)	0	145,298	0	58,119	87,179	58,120
Total Governmental Activities		<u>\$735,298</u>	<u>\$0</u>	<u>\$348,119</u>	<u>\$387,179</u>	<u>\$358,120</u>

**General Obligation Bonds**

All general obligation bonds are supported by the full faith and credit of Champaign County and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

2005 County Building Refunding Bonds - The 2005 County Building Refunding Bonds were issued to refund \$1,865,000 of 1998 Various Purpose Bonds. The bonds will be repaid from the South Point bond retirement fund with transfers from the General Fund.

**OPWC Loan**

The OPWC loan consists of monies owed to the Ohio Public Works Commission for capital improvement projects. The OPWC loan matures in 2018. Revenues of the Motor Vehicle License Gas Tax special revenue fund have been pledged to repay this loan.

At December 31, 2016, the County's overall debt margin was \$18,851,750 with an unvoted debt margin of \$7,959,200.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 14 - Long-Term Obligations** (continued)

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

Year	General Obligation Bonds		OPWC Loans
	Principal	Interest	Principal
2017	\$300,000	\$12,000	\$58,120
2018	0	0	29,059
	<u>\$300,000</u>	<u>\$12,000</u>	<u>\$87,179</u>

The County has issued limited obligation bonds and special limited revenue obligation bonds which are summarized in the following table:

	Date of Issue	Amount of Issue	Balance December 31, 2016
<b>Limited Obligation Bonds</b>			
Urbana University Project	11/26/2002	\$2,659,000	\$1,149,537
<b>Special Limited Revenue Obligation Bonds</b>			
WICOR Americas, Inc.	8/24/2010	12,300,000	5,172,121

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

**Note 15 - Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balance	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board	Children's Services	Other Governmental
Nonspendable for:						
Lawnview Trust	\$0	\$0	\$0	\$60,000	\$0	\$0
Unclaimed Monies	<u>42,742</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonspendable	<u>42,742</u>	<u>0</u>	<u>0</u>	<u>60,000</u>	<u>0</u>	<u>0</u>

(continued)

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 15 - Fund Balance** (continued)

Fund Balance	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board	Children's Services	Other Governmental
Restricted for:						
Child Support Enforcement	\$0	\$0	\$0	\$0	\$0	\$1,131,081
Court Operations	0	0	0	0	0	498,140
Crime Victim Assistance	0	0	0	0	0	2,436
Debt Retirement	0	0	0	0	0	31,559
Delinquent Tax Collections	0	0	0	0	0	282,308
Developmental Disabilities Operations	0	0	0	4,244,628	0	0
Ditch Maintenance	0	0	0	0	0	152,239
Dog and Kennel Operations	0	0	0	0	0	176,127
Economic Development	0	0	0	0	0	128,025
Emergency Management	0	0	0	0	0	189,718
Job and Family Services Operations	0	316,922	0	0	1,641,134	0
Juvenile Corrections	0	0	0	0	0	138,811
Permanent Improvements	0	0	0	0	0	151,969
Recycling	0	0	0	0	0	75,330
Real Estate Assessment	0	0	0	0	0	734,460
Road and Bridge Repair/Improvement	0	0	3,723,472	0	0	46,202
Sheriff Operations	0	0	0	0	0	89,780
Tax Certificates	0	0	0	0	0	12,928
Transit System	134,832	0	0	0	0	0
Voting	0	0	0	0	0	8,476
<b>Total Restricted</b>	<b>134,832</b>	<b>316,922</b>	<b>3,723,472</b>	<b>4,244,628</b>	<b>1,641,134</b>	<b>3,849,589</b>
Committed to:						
Economic Development	699,792	0	0	0	0	0
Assigned for:						
Document Recording	65,878	0	0	0	0	0
Projected Budget Shortage	1,917,451	0	0	0	0	0
Sheriff Operations	30,058	0	0	0	0	0
Title Administration	288,957	0	0	0	0	0
Transit System	338,751	0	0	0	0	0
Unpaid Obligations	86,418	0	0	0	0	0
<b>Total Assigned</b>	<b>2,727,513</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unassigned	1,374,804	0	0	0	0	0
<b>Total Fund Balance</b>	<b>\$4,979,683</b>	<b>\$316,922</b>	<b>\$3,723,472</b>	<b>\$4,304,628</b>	<b>\$1,641,134</b>	<b>\$3,849,589</b>

**Note 16 - Interfund Transfers**

During 2016, transfers were made from the General Fund to the Job and Family Services Fund, and to other governmental funds, in the amount of \$74,868 and \$330,757, respectively, and from the Children's Services Fund to other governmental funds in the amount of \$69, to subsidize operations in those funds. Transfers were made from other governmental funds, in the amount of \$58,119, to other governmental funds to make debt payments as they came due.

**Note 17 - Joint Ventures**

**A. Tri-County Regional Jail**

Champaign County is a participant in the Tri-County Regional Jail, a minimum, medium, and maximum security prison. The prison was built to house convicted criminals from Champaign, Madison, and Union Counties. The governing board consists of the Sheriff from Champaign County and the Common Pleas Judge from each participating county. The Champaign County Auditor serves as fiscal agent. During 2016, Champaign County contributed \$1,287,085 towards the operation of the jail. The percentage of equity interest for the County is based on the amount that will be distributed to the County if the contract is terminated. The County's equity interest of \$265,989 represents 33.3 percent of the total equity of the Jail. The Jail is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County. Financial information may be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, Ohio 43078.

**B. Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties**

The Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties (MHDAS) is a joint venture between Logan and Champaign Counties. The joint venture was formed to provide mental health education, consultation, training, and referral services to the public. Each county supports the joint venture through a tax levy. The MHDAS is controlled by a board whose membership consists of eighteen Logan and Champaign county residents appointed by the Ohio Department of Mental Health and Addiction Services and the Logan and Champaign County Commissioners. The continued existence of the MHDAS is dependent on the combined participation of the counties. The MHDAS is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County.

The County cannot significantly influence the operations of the MHDAS Board. The Board has sole budgetary authority and controls surpluses and deficits and the County is not legally obligated for the debt of MHDAS. Financial information may be obtained from the Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties 1521 North Detroit Street, P.O. Box 765, West Liberty, Ohio 43357.

Champaign County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 18 - Jointly Governed Organizations**

**A. Central Ohio Youth Center**

The Central Ohio Youth Center is a jointly governed organization involving Champaign, Delaware, Madison, and Union Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, one appointee of the Delaware County Commissioners, and one appointee from Champaign, Delaware, and Madison Counties. Each county's ability to influence the operations of the Center is limited to its representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation and maintenance of the Center. Union County serves as the fiscal agent. Each county is charged for its share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2016, Champaign County contributed \$340,173 for operations of the Center. Financial information may be obtained by writing to the Central Ohio Youth Center, 18100 State Route 4, Marysville, Ohio 45040.

**B. Champaign County Family and Children First Council**

The Champaign County Family and Children First Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration, and cooperation of parents and of public and private agencies who foster and develop resources which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by State statute and includes the Chairman of the Board of County Commissioners, or their designee. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During 2016, Champaign County contributed \$33,412 to the Champaign County Family and Children First Council. Financial information may be obtained by writing to the Champaign County Family and Children First Council, 312 Patrick Avenue, Urbana, Ohio 43078.

**C. Fairways Regional Council of Governments**

The County is a participant in the Fairways Regional Council of Governments, a jointly governed organization between Champaign and Madison Counties. The Council is established under Section 167 of the Ohio Revised Code and the purpose is to provide supported living services and family support services for individuals with developmental disabilities and their families. The Council is governed by a three member board of directors consisting of the superintendents of the Board of Developmental Disabilities of each county. During 2016, Champaign County made no payments to the Fairways Regional Council of Governments. Financial information may be obtained by writing to the Fairways Regional Council of Governments, 245 Valley Road, Xenia, Ohio 45385.

**D. Champaign Countywide Public Safety Communications System Council of Governments**

Champaign County and the City of Urbana entered into an agreement to create a regional council of governments to operate an enhanced 9-1-1 system. Champaign County serves as fiscal agent. During 2016, Champaign County contributed \$12,750 to the Champaign Countywide Public Safety Communications System Council of Governments. Financial information may be obtained by writing to the Champaign Countywide Public Safety Communications System Council of Governments, 1512 South U.S. Highway 68, Suite A100, Urbana, Ohio 43078.

**Note 18 - Jointly Governed Organizations** (continued)

**E. North Central Ohio Solid Waste Management District**

Champaign County participates in a multi-county solid waste district along with Allen, Hardin, Madison, Shelby, and Union Counties. The Board of Directors consists of County Commissioners from each county. Initial funding for the District was contributed by each county based on each county's population as compared to the total of all participating counties' populations. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six participating counties. Allen County serves as fiscal agent for the District. Financial information may be obtained by writing to the North Central Ohio Solid Waste Management District, 815 Shawnee Road, Suite D, Lima, Ohio 45805.

**Note 19 - Insurance Pools**

**A. County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among various 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 the treasurer of the 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 19 - Insurance Pools** (continued)

**C. County Employee Benefits Consortium of Ohio, Inc.**

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium. The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the CCAO and another is required to be a board member of the County Risk Sharing Authority, Inc.

**Note 20 - Contingent Liabilities**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several other claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material adverse effect on the financial statements.

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CHAMPAIGN COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE</b> <i>(Passed through Ohio Department of Job and Family Services)</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1617-11-5494	10.561		\$ 266,065
Total U.S. Department of Agriculture Food and Nutrition Service				<u>266,065</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <i>(Passed through Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-14-1AK-1 B-F-15-1AK-1 B-C-15-1AK-1	14.228		105,825 100,691 <u>42,332</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>248,848</u>
Home Investment Partnerships Program	BC-13-1AK-1	14.239		1,753 <u>322,444</u>
Total Home Investment Partnerships Program				<u>324,197</u>
Total U.S. Department of Housing and Urban Development				<u>573,045</u>
<b>U.S. DEPARTMENT OF LABOR</b> <i>(Passed through Area 7 Workforce Investment Board)</i>				
WIA Cluster:				
WIA/WIAO Adult Program	N/A	17.258		117,911
WIA/WIAO Adult Program - Administration	N/A			<u>226</u>
Total WIA/WIAO Adult Program				<u>118,137</u>
WIA/WIAO Youth Activities	N/A	17.259		9,318
WIA/WIAO Youth Activities - Administration	N/A			<u>2,975</u>
Total WIA/WIAO Youth Activities				<u>12,293</u>
WIA Dislocated Workers	N/A	17.278		21,556
WIA Dislocated Workers - Administration	N/A			<u>25</u>
Total WIA/WIAO Dislocated Worker Formula Grants				<u>21,581</u>
Total WIA Cluster				<u>152,011</u>
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207		11,853
Total U.S. Department of Labor				<u>163,864</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b> <i>(Passed through Ohio Department of Transportation)</i>				
Formula Grants for Rural Areas:				
Formula Grants for Rural Areas	RPTF-4095-034-161 RPTF-0095-036-161 RPTF-0095-036-161	20.509		141,547 12,734 <u>7,446</u>
Total Formula Grants for Rural Areas				<u>161,727</u>
Federal Transit Cluster:				
Bus and Bus Facilities Formula Program	RPTF-0095-036-161	20.526		134,585
Total U.S. Department of Transportation				<u>296,312</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> <i>(Passed through Area Agency on Aging, Planning &amp; Service Area)</i>				
Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FY16	93.044		32,113
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Promoting Safe and Stable Families	G-1617-11-5494	93.556		9,720
TANF Cluster:				
Temporary Assistance for Needy Families	G-1617-11-5494	93.558		395,652
Child Support Enforcement	G-1617-11-5494	93.563		566,906
CCDF Cluster:				
Child Care and Development Block Grant	G-1617-11-5494	93.575		20,003
Stephanie Tubbs Jones Child Welfare Services Program	G-1617-11-5494	93.645		12,000
Foster Care_Title IV-E	G-1617-11-5494	93.658		219,715
Adoption Assistance	G-1617-11-5494	93.659		108,366
Chafee Foster Care Independence Program	G-1617-11-5494	93.674		14

CHAMPAIGN COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Expenditures
Social Services Block Grant:				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Social Services Block Grant	G-1617-11-5494	93.667		412,716
<i>(Passed through Ohio Board of Developmental Disabilities)</i>				
Social Services Block Grant	N/A			25,231
Total Social Service Block Grant				<u>437,947</u>
Medicaid Cluster:				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Medical Assistance Program	G-1617-11-5494	93.778		336,147
<i>(Passed through Ohio Board of Developmental Disabilities)</i>				
Medical Assistance Program	N/A	93.778		24,288
Total Medicaid Cluster				<u>360,435</u>
Total U.S. Department of Health & Human Services				<u>2,162,871</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>(Passed through Ohio Department of Public Safety)</i>				
Emergency Management Performance Grants	EMW-2015-EP-00034-S01 EMC-2016-EP-00003-S01	97.042		41,968
Total Emergency Management Performance Grants				<u>19,438</u> 61,406
Total U.S. Department of Homeland Security				<u>61,406</u>
Total Federal Financial Assistance			<u>\$ -</u>	<u>\$ 3,523,563</u>

The accompanying notes to this schedule are an integral part of the schedule.

**CHAMPAIGN COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Champaign County (the County's) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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.

**NOTE D - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2016, the County made allowable transfers of \$246,396 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$395,652 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2016 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$642,048
Transfer to Social Services Block Grant	<u>(246,396)</u>
Total Temporary Assistance for Needy Families	<u>\$395,652</u>

**NOTE K – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS**

During the calendar year, the County Board of Developmental Disabilities received a notice of a liability and received a settlement payment for the 2010 and 2011 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amounts of \$1,184 and \$1,290, respectively. The Cost Report Settlement liability and payment was for settlement of the differences between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability and revenue are not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

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# Dave Yost • Auditor of State

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

Honorable Board of County Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South U.S. Highway 68, Suite B300  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 21, 2018, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 21, 2018



# Dave Yost • Auditor of State

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

Honorable Board of County Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South U.S. Highway 68, Suite B300  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

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

We have audited Champaign County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Champaign County's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Champaign County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

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

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 21, 2018



**CHAMPAIGN COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 C.F.R. § 200.515**  
**DECEMBER 31, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 C.F.R. § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #93.563 – Child Support Enforcement  TANF Cluster  Medicaid Cluster  SNAP Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 C.F.R. § 200.520?</b>	No

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

**FINDING NUMBER 2016-001**

**Noncompliance**

**Annual Financial Reporting**

**Ohio Rev. Code § 117.38** states each public office, other than a state agency, 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 Admin. Code § 117-2-03(B)** requires the County to prepare its financial report in accordance with generally accepted accounting principles. The County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted assets, liabilities, deferred inflows/outflows, equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County for its failure to file the required financial report.

The County should prepare its annual report in accordance with the above requirements in order to improve financial reporting and accountability for all users.

**Officials' Response**

See Corrective Action Plan

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None**

**CHAMPAIGN COUNTY**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	<b>Ohio Rev. Code §117.38 and Ohio Admin. Code §117-2-03(B)</b> – Failure to file GAAP report	Not Corrected	Repeated as Finding 2016-001  The failure to file GAAP financial report is a purposeful decision based on the prohibitive cost of the process. There is no planned corrective action at this time.  See also Corrective Action Plan

**Karen T. Bailey**  
**Champaign County Auditor**

1512 S. Hwy. 68, Suite B300 • Urbana, Ohio 43078  
Phone: 937-484-1600 • Fax: 937-484-1626  
<http://champaignoh.ddti.net>



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

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	None at this time. The failure to file GAAP financial report is a purposeful decision based on the prohibitive cost of the process. There is no planned corrective action at this time.	N/A	Karen Bailey, County Auditor



# Dave Yost • Auditor of State

CHAMPAIGN 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  
MARCH 20, 2018