



Dave Yost • Auditor of State



**WYANDOT COUNTY  
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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Wyandot County  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

To the County Commissioners:

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

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

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyandot County, Ohio, as of December 31, 2015, and the respective changes in cash financial position 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 September 22, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 22, 2016

**WYANDOT COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Cash Assets</b>			
Equity in Pooled Cash	\$ 18,539,305	\$ 4,114,449	\$ 22,653,754
<b>Net cash position</b>			
Restricted for:			
Road and Bridge	\$ 5,110,865		\$ 5,110,865
Developmental Disabilities	2,281,877		2,281,877
Conservation Programs	1,847,130		1,847,130
Public Safety	2,658,848		2,658,848
Human Services	682,946		682,946
Property Assessments	974,355		974,355
Judicial Programs	649,006		649,006
Capital Projects	442,916		442,916
Debt Service	430,352		430,352
Other Purposes	71,695		71,695
Unrestricted	3,389,315	\$ 4,114,449	7,503,764
Total net cash position	<u>\$ 18,539,305</u>	<u>\$ 4,114,449</u>	<u>\$ 22,653,754</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WYANDOT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS  
DECEMBER 31, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental activities						
General Government:						
Legislative and Executive	\$ 2,248,617	\$ 877,468	\$ 14,979	\$ (1,356,170)		\$ (1,356,170)
Judicial	1,268,833	301,726	193,315	(773,792)		(773,792)
Public Safety	4,039,716	825,216	283,586	(2,930,914)		(2,930,914)
Public Works	4,674,936	3,790	4,488,272	(182,874)		(182,874)
Health	159,387	140,926	1,214,040	1,195,579		1,195,579
Conservation and Recreation	5,540,989	70,916	2,632,604	(2,837,469)		(2,837,469)
Other	682,837	692,721	26,821	36,705		36,705
Capital Outlay	661,285			(661,285)		(661,285)
Debt Service	2,438,110	241,050	236,315	(1,960,745)		(1,960,745)
Principal Payments	541,312			(541,312)		(541,312)
Interest and Fiscal Charges	67,619			(67,619)		(67,619)
Total Governmental Activities	22,323,641	3,153,813	9,089,932	(10,079,896)		(10,079,896)
Business Type Activities						
Nursing Home	4,528,824	5,121,078			\$ 592,254	592,254
Total Primary Government	\$ 26,852,465	\$ 8,274,891	\$ 9,089,932	(10,079,896)	592,254	(9,487,642)
<b>General cash receipts</b>						
Property taxes levied for:						
				1,428,753		1,428,753
				922,709		922,709
				479,016		479,016
Sales Tax Levies for:						
				2,609,881		2,609,881
				1,304,478		1,304,478
				896,513		896,513
				274,177		274,177
				497,961		497,961
Total general cash receipts				8,413,488		8,413,488
Change in net cash position				(1,666,408)	592,254	(1,074,154)
<b>Net cash position at beginning of year</b>				20,205,713	3,522,195	23,727,908
<b>Net cash position at end of year</b>	\$			18,539,305	\$ 4,114,449	\$ 22,653,754

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WYANDOT COUNTY**

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

	<u>General</u>	<u>Public Safety Sales Tax Fund</u>	<u>Motor Vehicle and Gasoline Tax Fund</u>	<u>Angeline DD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 3,325,111	\$ 1,571,467	\$ 5,110,865	\$ 1,896,900	\$ 6,437,128	\$ 18,341,471
<b>Cash Fund Balances:</b>						
Non-Spendable for						
Unclaimed funds	\$ 15,219					\$ 15,219
Restricted for:						
Road and Bridge			\$ 5,110,865			5,110,865
Developmental Disabilities				\$ 1,896,900	\$ 384,977	2,281,877
Human Services					682,946	682,946
Public Safety		\$ 1,571,467			1,087,381	2,658,848
Capital Projects	133,630				301,292	434,922
Debt Service					430,352	430,352
Juducal Programs					649,006	649,006
Property Assessments					974,355	974,355
Conservation Programs					1,847,130	1,847,130
Other Purposes					43,322	43,322
Committed for:						
Capital Projects					7,994	7,994
Other Purposes					28,373	28,373
Assigned for:						
Juducal Programs	231,365					231,365
Capital Projects	78,208					78,208
Public Safety	51,007					51,007
General Government	139,900					139,900
Subsequent Appropriations	1,080,633					1,080,633
Unassigned	1,595,149					1,595,149
Total fund cash balances	<u>\$ 3,325,111</u>	<u>\$ 1,571,467</u>	<u>\$ 5,110,865</u>	<u>\$ 1,896,900</u>	<u>\$ 6,437,128</u>	<u>18,341,471</u>

Reconciliation to Statement of Activities:

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

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

Net Position of Governmental Activities

197,834  
\$ 18,539,305

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYANDOT COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	<u>General</u>	<u>Public Safety Sales Tax Fund</u>	<u>Motor Vehicle and Gasoline Tax Fund</u>	<u>Angeline DD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>						
Local Taxes	\$ 4,038,634	\$ 1,304,478		\$ 922,709	\$ 479,016	\$ 6,744,837
Intergovernmental	896,513		\$ 4,477,735	1,197,096	3,415,101	9,986,445
Interest	274,177					274,177
Licenses and Permits	303,090				923,303	1,226,393
Fines and Forfeitures	161,013		536		15,384	176,933
Charges for Services	909,993			8,673	573,218	1,491,884
Special Assessments	155,014					155,014
Other	65,767		19,609	9,186	251,559	346,121
Other Refunds and Reimbursements	421,142					421,142
<b>Total Receipts</b>	<u>7,225,343</u>	<u>1,304,478</u>	<u>4,497,880</u>	<u>2,137,664</u>	<u>5,657,581</u>	<u>20,822,946</u>
<b>Disbursements:</b>						
General Government						
Legislative and Executive	2,057,148				192,799	2,249,947
Judicial	1,060,736				208,885	1,269,621
Public Safety	2,145,574	1,696,435			199,939	4,041,948
Public Works	36,210		4,638,924			4,675,134
Health	51,307				108,181	159,488
Human Services	335,732			2,164,186	3,041,081	5,540,999
Conservation and Recreation					683,592	683,592
Other	578,447				82,838	661,285
Capital Outlay	208,374		236,315	44,559	1,948,862	2,438,110
Debt Service						
Principal Retirement					541,312	541,312
Interest and Fiscal Charges					67,619	67,619
<b>Total Disbursements</b>	<u>6,473,528</u>	<u>1,696,435</u>	<u>4,875,239</u>	<u>2,208,745</u>	<u>7,075,108</u>	<u>22,329,055</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>751,815</u>	<u>(391,957)</u>	<u>(377,359)</u>	<u>(71,081)</u>	<u>(1,417,527)</u>	<u>(1,506,109)</u>
<b>Other Financing Sources (Uses):</b>						
Advances in	21,442				21,442	42,884
Advances (out)	(21,442)				(21,442)	(42,884)
Other Sources	83,450		49,397		14,928	147,775
Other Uses	(261,138)				(52,350)	(313,488)
Transfers In					639,844	639,844
Transfers Out	(171,885)			(49,096)	(418,863)	(639,844)
<b>Total Other Financing Sources (Uses)</b>	<u>(349,573)</u>	<u>-</u>	<u>49,397</u>	<u>(49,096)</u>	<u>183,559</u>	<u>(165,713)</u>
<b>Net Change in Fund Balances</b>	402,242	(391,957)	(327,962)	(120,177)	(1,233,968)	(1,671,822)
<b>Fund Cash Balances at Beginning of Year</b>	2,922,869	1,963,424	5,438,827	2,017,077	7,671,096	
<b>Fund Cash Balances at End of Year</b>	<u>\$ 3,325,111</u>	<u>\$ 1,571,467</u>	<u>\$ 5,110,865</u>	<u>\$ 1,896,900</u>	<u>\$ 6,437,128</u>	

Reconciliation to Statement of Activities:

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

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

Change in Net Position of Governmental Activities

5,414  
\$ (1,666,408)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WYANDOT COUNTY

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

	<u>BusinessType</u> <u>Activities</u> <u>Nursing</u> <u>Home Fund</u>	<u>Governmental</u> <u>Activity</u> <u>Internal</u> <u>Service Fund</u>
<b>Cash Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 4,114,449	\$ 197,834
<b>Net Position</b>		
Unrestricted	\$ 4,114,449	\$ 197,834

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYANDOT COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN FUND NET POSITION - CASH BASIS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2015

	<u>Business-Type Activities Nursing Home Fund</u>	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Receipts</b>		
Charges for Services	\$ 5,036,452	
Interfund Charges		\$ 2,604,065
Other Operating Receipts	84,626	
Total Operating Receipts	<u>5,121,078</u>	<u>2,604,065</u>
<b>Operating Disbursements</b>		
Salaries and benefits	2,897,130	
Purchased Services	1,158,692	
Materials and Supplies	461,823	
Medical Insurance		2,598,651
Capital Outlay	11,179	
Total Operating Disbursements	<u>4,528,824</u>	<u>2,598,651</u>
Operating Income	592,254	5,414
<b>Net Position at Beginning of Year</b>	<u>3,522,195</u>	<u>192,420</u>
<b>Net Position at End of Year</b>	<u>\$ 4,114,449</u>	<u>\$ 197,834</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WYANDOT COUNTY

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

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,379,594
Cash in Segregated Account	<u>202,024</u>
Total Assets	<u>\$ 1,581,618</u>
<b>Net Position</b>	<u>\$ 1,581,618</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## 1. DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

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

### Reporting Entity

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

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

### Potential Component Units Reported as Agency Funds

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

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

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

### Jointly Governed Organization

#### Mental Health and Recovery Services

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

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

### **Shared Risk Pool**

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

The County Risk Sharing Authority, Inc. is a jointly governed organization among fifty counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

### **Insurance Purchasing Pool**

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

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

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

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

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

**A. Fund Accounting**

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

**Governmental Funds**

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

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

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

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

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

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

**Proprietary Funds**

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

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

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

**Fiduciary Funds**

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



**B. Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**C. Budgetary Process**

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

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

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

**D. Inventory and Prepaid Items**

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

**E. Capital Assets and Depreciation**

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

**F. Unpaid Vacation and Sick Leave**

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

**G. Long-term Obligations**

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

**H. Net Position**

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

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

**I. Pensions**

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

**J. Cash and Investments**

The County maintains a cash and investment pool which is available for all funds. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. All investments of the County had a maturity of five years or less. Investments are stated at cost. Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General fund were \$274,177, which includes \$236,243 assigned from other County funds.

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

During 2015, the County investments included 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2015.

**K. Interfund Activity**

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

#### L. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because there are not in spendable form, or legally or contractually required to be maintained intact.

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

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

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

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

### 3. DEPOSITS AND INVESTMENTS

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio;

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

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

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

#### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. As of December 31, 2015, \$4,298,549 of the County's bank balance of \$10,125,283 was not covered by depository insurance. Of the uninsured amount, \$5,826,734 was collateralized by specific pledged securities or lines of credit by the financial institution to the County. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

**Investments**

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One to Three Years</u>	<u>Greater than Three Years</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	AA+	\$ 1,246,893	\$ -	\$ -	\$ 1,246,893	8.70%
Federal Home Loan Bank	AA+	2,598,246	-	2,598,246	-	18.11%
Federal Home Loan Mortgage Corp.	AA+	4,295,367	-	996,680	3,298,687	29.95%
Municipal Bonds	AA	445,000	445,000	-	-	3.10%
Money Market	N/A	19,500	19,500	-	-	0.14%
Negotiable Certificates of Deposit	N/A	5,430,745	496,379	2,970,464	1,963,902	37.86%
STAR Ohio	AAAm	307,098	307,098	-	-	2.14%
		<u>\$ 14,342,849</u>	<u>\$ 1,267,977</u>	<u>\$ 6,565,390</u>	<u>\$ 6,509,482</u>	<u>100.00%</u>

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

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

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

**4. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2015 for real and public utility property taxes represents collections of the 2014 taxes. Property tax payments received during 2015 for tangible personal property (other than public utility property) is for 2014 taxes.

2014 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes collected in and intended to finance 2015.

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

The full tax rate of for all County operations for the year ended December 31, 2015 was \$6.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$ 444,121,260
Commercial/Industrial	54,250,810
Public Utilities	400,990
Tangible Personal Property:	
Public Utilities	<u>18,244,610</u>
Total Assessed Valuation	<u><u>\$ 517,017,670</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

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

**5. RISK MANAGEMENT**

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

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool made up of sixty-two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage provided include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

The audited financial statements for CORSA reported the following at April 30, 2015: total assets of \$106.4 million, liabilities of \$24.2 million and net assets of \$82.2 million.

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

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

## 6. DEFINED BENEFIT PENSION PLANS

### Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported January 1, 2015, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

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

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

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

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

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

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

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

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

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

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

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

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

Senate Bill (SB) 343 enacted into law new legislation 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. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

*Age and Service Defined Benefits.* Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members in transition Group C are eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. The final average salary 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 an 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 benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.



*Defined Contribution Benefits.* Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the member-s contributions, vested employer contributions and investment gains and losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld or a combination of these options.

Additional information on other benefits available can be found in the OPERS CAFR.

### **Funding Policy**

The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS' external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2014. Plan members were required to contribute 10% of covered payroll. The County's contribution rate was 14% of covered payroll.

The County's contractually required contributions to OPERS for 2015 was \$1,477,544.

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

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

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

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

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

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

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

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

The County's contractually required contribution to STRS was \$9,059 for 2015.

**Net Pension Liability**

The net pension liability 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 projected contributions of all participating entities. Following is information related to the proportionate share:

	Traditional Plan	Combined Plan	Total OPERS	STRS	Total - All Pension Plans
Proportionate Share of Net Pension Liability	\$ 7,708,622	\$ (5,669)	\$ 7,702,953	\$ 154,179	\$ 7,857,132
Proportion of the Net Pension Liability	0.063913%	0.014724%		0.00063387%	

**Actuarial Assumptions – OPERS**

Total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**Long Term Expected Rate of Return**

The allocation of investment assets within the defined benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy and the long term expected arithmetic real rates of return:

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

**Discount Rate**

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

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

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

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
County’s proportionate share of the net pension liability	\$ 14,182,392	\$ 7,702,953	\$ 2,246,020

**Actuarial Assumptions – STRS**

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

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County’s proportionate share of the net pension liability	\$ 220,724	\$ 154,179	\$ 97,904

**7. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS’ Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to

health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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 portion of the County's total contributions that were used to fund post-employment benefits for the years ending December 31, 2015, 2014, and 2013 were \$210,993, \$221,491 and \$100,176, respectively; 100% has been contributed for all years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

**State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocated any of the employer contributions to the Health Care Stabilization Fund. The portion of the County's contributions that were used to fund post-employment benefits for the years ending December 31, 2015, 2014, and 2013 were \$0, \$291 and \$681, respectively; 100% has been contributed for all years.

**8. PERMISSIVE SALES AND USE TAX**

The County Commissioners by resolution imposed a one percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax rate are credited to the general and public safety funds. Permissive sales tax revenue for 2015 amounted to \$2,609,881 in the general fund and \$1,304,478 the public safety fund.

**9. DEBT OBLIGATIONS**

The County's outstanding debt at December 31, 2015 and 2014, was as follows:

	2015	2014
General Obligation Bonds		
2008 - DD Capital Improvement Bonds	\$ 134,899	\$ 176,211
2013 - Refunding Bonds	1,025,000	1,140,000
2014 - Courthouse Improvement Bonds	1,590,000	1,975,000
Totals	\$ 2,749,899	\$ 3,291,211

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

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

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

The following represents the activity of the County's long-term debt obligations for 2015:

<u>Governmental Activities:</u>	<u>Beginning</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending</u>		<u>Due within</u>
	<u>Balance</u>						<u>Balance</u>		<u>One Year</u>
General Obligations:									
DD Capital Improvement Bonds									
Series 2008	\$ 176,211	\$ -		\$ 41,312		\$ 134,899		\$ 43,108	
Refunding Bonds									
Series 2013	1,140,000	-		115,000		1,025,000		120,000	
Courthouse Improvement Bonds									
Series 2014	1,975,000	-		385,000		1,590,000		390,000	
Totals	<u>\$ 3,291,211</u>	<u>\$ -</u>		<u>\$ 541,312</u>		<u>\$ 2,749,899</u>		<u>\$ 553,108</u>	

The following is a summary of the County's future debt payments:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 553,108	\$ 59,846	\$ 612,954
2017	564,984	51,851	616,835
2018	571,807	41,603	613,410
2019	530,000	31,740	561,740
2020	125,000	13,740	138,740
2021-2023	405,000	21,955	426,955
	<u>\$ 2,749,899</u>	<u>\$ 220,735</u>	<u>\$ 2,970,634</u>

## 10. CONTINGENT LIABILITIES

The County receives financial assistance from federal and state agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2015 will not have a material adverse effect on the County.

There are claims and lawsuits involving the County which are pending. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial statements.

**11. INTERFUND TRANSACTIONS**

The County reported the following transfers for the year ended December 31, 2015:

Transfer-Out Fund	Transfers-In Fund	Amount
General Fund:	Non-Major Governmental Funds: Capital Improvement Fund	\$ 171,885
Angeline DD Fund	Non-Major Governmental Funds: Angeline Bond Retirement Fund	49,096
Non-Major Governmental Funds: Capital Improvement Fund	Non-Major Governmental Funds: Bond Retirement Fund	418,863
	Total	\$ 639,844

Transfers from the General Fund are used to move monies that are used to subsidize various programs into other governmental funds and for repayment of debt obligations. Angeline transferred monies to the non-major governmental funds required to pay the debt service payment on the DD debt obligation. The transfer from the Capital Improvement Fund to the Bond Retirement Fund was to fund principal and interest payments made during the year.

In addition to the transfers noted above, during 2015 the General Fund advanced the Small Cities Block Grant special revenue fund to provide necessary funding until the County could draw upon the awarded grant. This advance was repaid to the General Fund during 2015.

**12. CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2015, the County implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

GASB Statement No. 68 addresses the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trust agreements. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. Note disclosures and required supplementary information requirements about pension are also addressed. GASB Statement No. 71 addresses how pension contributions, if any, made subsequent to the measurer date of the beginning net pension liability should be accounted for during the implementation of GASB Statement No. 68.

Due to accounting basis used to prepare these financial statements, changes to the financial statements required by these standards were limited to the note disclosures.



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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	JFS850002	\$ 32,679
<b>Total U. S. Department of Agriculture</b>			<b>32,679</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Mental Health</i>			
Promoting Safe and Stable Families	93.556	JFS200002	23,748
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant -- Title XX	93.667	FY2015	17,539
<i>Passed Through Ohio Department of Job and Family Services</i>			
Social Service Block Grant - Title XX	93.667	JFS200002	135,926
Total CFDA #93.667			<u>153,465</u>
Child Support Enforcement	93.563	JFS400002	191,178
Temporary Assistance for Needy Families (TANF)	93.558	JFS850002	436,573
Child Care Development Block Grant	93.575	JFS850002	10,463
Foster Care - Title IV-E	93.658	JFS200002	9,751
Adoption Assistance	93.659	JFS200002	111,763
Stephanie Tubbs Jones Child Welfare Services Program	93.645	JFS200002	64,939
Chafee Foster Care Independence Program	93.674	JFS200002	9,671
Medical Assistance Program	93.778	JFS850002	280,960
<b>Total U.S. Department of Health and Human Services</b>			<b><u>1,292,511</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	IDEA-B FY 2015	11,573
Special Education Preschool Grants	84.173	ECSE FY 2015	9,171
Total Special Education Cluster:			<u>20,744</u>
<i>Passed Through Ohio Department of Health</i>			
<i>Special Education Grants for Infants and Families (Help me Grow)</i>			
Special Education Grants for Infants and Families (Help me Grow)	84.181	08810021HG0716	734
Special Education Grants for Infants and Families (Help me Grow)	84.181	08810021HG0615	12,593
Special Education Grants for Infants and Families (Help me Grow)	84.181	08810021HG0615	11,891
Total CFDA # 84.181			<u>25,218</u>
<b>Total U.S. Department of Education</b>			<b><u>45,962</u></b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<i>Workforce Investment Act Cluster:</i>			
WIA Adult Program	17.258	S0788	20,706
WIA Youth	17.259	S0788	22,499
WIA Dislocated Worker Grants	17.278	S0788	56,597
Total Workforce Investment Act Cluster:			<u>99,802</u>
<b>Total U.S. Department of Labor</b>			<b><u>99,802</u></b>

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through the Ohio Development Services Agency</i>			
Home Investment Partnerships Program	14.239	BC-13-1DC-2	49,220
Community Development Block Grants/State Program	14.228	BC-13-1DC-1	50,048
Community Development Block Grants/State Program	14.228	BF-14-1DC-1	70,961
CDBG - Revolving Loans	14.228	n/a	823
CDBG - Revolving Loans - Housing Program	14.228	n/a	61,043
Community Development Block Grants/State Program	14.228	BE-13-1DC-1	1,546
Total CFDA # 14.228			<u>184,421</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>233,641</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed through the Ohio Emergency Management Agency</i>			
Emergency Management Performance Grant	97.042	FY14 EMPG	29,210
<b>Total U.S. Department of Homeland Security</b>			<b><u>29,210</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID 92339	595,612
<b>Total U.S. Department of Transportation</b>			<b><u>595,612</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Ohio Attorney General</i>			
Crime Victim Assistance	16.575	2015 VOCA 10200798	16,806
Crime Victim Assistance	16.575	2016 VOCA 19815542	7,841
<b>Total U.S. Department of Justice</b>			<b><u>24,647</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 2,354,064</u></b>

The accompanying notes are an integral part of this schedule.

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

**NOTE A – BASIS OF PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following 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- COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS**

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

These loans are collateralized by mortgages on the property. Loans documents are maintained by the Commissioners' office.

**NOTE D - 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 E - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2015, the County made allowable transfers of \$107,226 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 \$436,573 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2015 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 543,799
Transfer to Social Services Block Grant	<u>(107,226)</u>
<b>Total Temporary Assistance for Needy Families</b>	<b><u>\$ 436,573</u></b>

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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

Wyandot County  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyandot County, Ohio (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 22, 2016, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

**Compliance and Other Matters**

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

**Entity's Response to Findings**

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

**Purpose of this Report**

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 22, 2016



# Dave Yost • Auditor of State

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

Wyandot County  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

To the County Commissioners:

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

We have audited Wyandot County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Wyandot County's major federal programs for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

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

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

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

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

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

### ***Basis for Qualified Opinion on Temporary Assistance for Needy Families***

As described in finding 2015-003 in the accompanying schedule of findings, the County did not comply with requirements regarding activities allowed or unallowed applicable to its CFDA 93.558 Temporary Assistance for Needy Families major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

***Qualified Opinion on Temporary Assistance for Needy Families***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Temporary Assistance for Needy Families* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Temporary Assistance for Needy Families major federal program for the year ended December 31, 2015.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Wyandot County complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2015.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2015-003.

The County's response to our internal control over compliance finding is described in the accompanying schedule of findings and corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.



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.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 22, 2016

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified for Highway Planning and Construction and Qualified for Temporary Assistance for Needy Families.
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families (TANF) – CFDA #93.558 Highway Planning and Construction – CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

**FINDING NUMBER 2015-001**

**Noncompliance Citation**

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

**Ohio Admin. Code § 117-2-03(B)**, which further clarifies the requirements of Ohio Revised Code Section 117.38, requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

As a cost savings measure, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County.

We recommend the County prepare its financial statements in accordance with generally accepted accounting principles.

**Officials' Response:**

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

**FINDING NUMBER 2015-002**

**Material Weakness**

**Financial Reporting**

The County's management is responsible for the fair presentation of the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classification based on the extent to which constraints are imposed upon the resources, and sets new governmental fund type definitions. Errors were noted in the financial statements, resulting in audit adjustments and unadjusted differences such as the following:

- Repayment of funds from the Public Safety Sales Tax fund in the amount of \$1,696,435 to the General Fund was improperly accounted as Intergovernmental Revenue rather than a reduction of expenditures.
- Intergovernmental revenues and public works disbursements within the Motor Vehicle License and Gasoline Tax Fund and Government Type Activities were understated by \$595,612 due to amounts paid directly to vendors by the ODOT on behalf of the County and not being recorded.
- Other refunds and reimbursements in the General Fund in the amount of \$421,142 were improperly accounted as other financing sources.
- Intergovernmental revenues and capital outlay within the Motor Vehicle License and Gasoline Tax Fund and Government Type Activities were understated by \$236,315 due to amounts paid directly to vendors by OPWC paid on behalf of the County not being recorded.
- Donations to the EMS Department in the amount of \$103,589 were improperly accounted as charges for services receipts instead of other within Other Governmental Funds.
- Restricted fund balances in the amount of \$2,310,776 within Other Governmental Funds were misclassified as committed in the statement of assets and fund balances.

- County court balances reported as cash in segregated accounts within the Agency Fund of \$202,024 was not included.
- The Ditch Special Assessment funds (funds 2301-2498) were incorrectly reported within the General Fund. These funds are restricted and should be reported as special revenue or capital project funds. As a result, the general fund was overstated and other governmental funds were understated by \$186,990 beginning balance, \$155,014 special assessments receipts, \$208,374 capital outlay expenditures, and \$133,630 ending balance.

Additional errors were noted in smaller relative amounts. These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements were adjusted to correct material errors and immaterial amounts were reported on the Summary of Unadjusted Differences.

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

**Officials' Response:**

The Auditor's office requires each department to complete a detailed sheet when submitting a pay-in. The Auditor's office then relies on this information to complete the transaction. We will continue to work with departments to submit revenue to the correct revenue line.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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**1. Random Moment Sample Approvals**

<b>Finding Number</b>	2015-003		
<b>CFDA Title and Number</b>	Temporary Assistance for Needy Families, CFDA 93.558		
<b>Federal Award Identification Number / Year</b>	JFSCTF16 /2016 and JFSCTF15/2015		
<b>Federal Agency</b>	U.S. Department of Health and Human Services		
<b>Pass-Through Entity</b>	Ohio Department of Job and Family Services		
<b>Repeat Finding from Prior Audit?</b>	No	<b>Finding Number (if repeat)</b>	

**Noncompliance and Material Weakness**

**Ohio Admin. Code § 5101:9-7-20 (F)(3)** provides in accordance with federally accepted timelines, the RMS coordinator shall review and approve by accepting all observation moment responses within forty-eight hours. Also, the ODJFS Fiscal Administrative Procedure Manual Transmittal Letters (FAPMTL) # 318 provides guidance to all fiscal administrative procedure manual holders over Random Moment Sample (RMS) time studies.

The RMS coordinator did review and approve RMS observation moments, but none of the moments tested were reviewed within the forty-eight hour requirement. Failure to follow ODFJS RMS standards was a result of inadequate policies and procedures over RMS time studies and could result in inaccurate reporting of RMS observation moments. We recommend the County Job and Family Services administrators review and implement the guidance found in FAPMTL # 318 over RMS time study review and approval process.

**Officials' Response:**

The County Job and Family Services is making immediate corrections to comply with the requirement. We anticipate this being fully corrected in 2016.

**WYANDOT COUNTY**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Ohio Rev Code § 117-2-3(B) for GAAP Financial Statements not being prepared.	Not Corrected	Repeated in this report as finding 2015-001. Wyandot County's finances continue to drive the decision to file under the cash basis. We believe treat filing under GAAP would cost an additional \$30,000 per year with no appreciable benefit to Wyandot County.
2014-002	Ohio Rev. Code § 5705.10 for improper posting of property tax levy receipts.	Corrected	
2014-003	Ohio Rev. Code § 5705.10(E) for improper posting of bond premium.	Corrected	
2014-004	Ohio Rev. Code §§ 5705.14, 5705.15 and 5705.16 for improper posting of transfers.	Not Corrected	Repeated as a Management Letter comment in 2015. We used transfers to accomplish interfund reimbursements, a wrong interpretation. We do however continue to work toward full compliance of ORC sections 5705.14, 5705.15 and 5705.16 through education.
2014-005	Material weakness in financial reporting due to errors in financial statements.	Not Corrected	Repeated in this report as finding 2015-002. The Auditor's office requires each department to complete a detailed sheet when submitting a pay-in. The Auditor's office then relies on this information to complete the transaction. We will continue to work with departments to submit revenue to the correct revenue line.
2014-006	Noncompliance and Significant Deficiency over Cash Management for TANF.	Corrected	
2014-007	Noncompliance and Significant Deficiency over Cash Management for CDBG.	Not Corrected	The County was made aware of issue in June, 2015. We acknowledge this issue and are continuing to work with the Clerk of the Commissioners on developing procedures to make disbursements in a more appropriate timeframe. We anticipate this being fully corrected in 2016.

WYANDOT COUNTY

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

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2015-001	Wyandot County's finances continue to drive the decision to file under the cash basis. We believe treat filing under GAAP would cost an additional \$30,000 per year with no appreciable benefit to Wyandot County.	n/a	County Commissioners
2015-002	We will continue to work with departments to submit revenue to the correct revenue line.	2016	County Auditor
2015-003	We will comply with the requirements immediately.	2016	Fiscal Supervisor





# Dave Yost • Auditor of State

## WYANDOT COUNTY

### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 6, 2016