MONROE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

Dave Yost • Auditor of State

MONROE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Public Assistance, Maintenance, Community Development, and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 23 to the financial statements, during the year ended December 31, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, and Schedules of Net Pension Liabilities and Pension Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) 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 the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves 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 12, 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

Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2016

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Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of Monroe County's (the County) financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The MD&A should be read in conjunction with the County's basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The County's total net position increased by $6,757,243 from the total net position at the beginning of the year 2015.
- At the close of the current year, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by $42,355,788 (net position). Of this amount, only $1,109,655 is unrestricted and may be used to meet the County's ongoing obligations.
- The County had $15,572,294 in expenses related to governmental activities; program specific charges for services, grants, contributions, and interest were not sufficient to provide for these expenses and as a result, general revenues of $10,168,290 were needed to help increase carryover net position into the next year.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $13,412,687, an increase of $3,870,398 from the prior year. Of this amount, $417,315 is non-spendable, $5,599,490 is restricted, $2,765 is committed, 1,475,395 is assigned, and $5,917,722 is unassigned and available for spending on behalf of its citizens, as defined in Governmental Accounting Standards Board Statement (GASB) No. 54.
- At the end of the current year, unassigned fund balance for the General Fund was $5,929,420 which represents 85 percent of total General Fund expenditures.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements then proceed to provide an increased detailed look at specific financial conditions. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets.

Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds in more detail than the government-wide statements. Nonmajor funds are presented separately from major funds in total and in one column.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question.

The Statement of Net Position presents information on all of the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these reported as net position. The Statement of Activities presents information showing how the County's net position changed during the current year.

These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sole business-type activity is the Care Center.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to its residents. The County's major governmental funds are the General Fund and the Public Assistance, Maintenance, Community Development, and Developmental Disabilities Special Revenue Funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided on the government-wide and fund financial statements.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2015 compared to 2014:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and Other Assets	$19,262,487	$14,730,008	($362,405)	$304,286	$18,900,082	$15,034,294
Capital Assets, Net	32,881,454	30,068,590	2,172,628	2,208,019	35,054,082	32,276,609
Total Assets	52,143,941	44,798,598	1,810,223	2,512,305	53,954,164	47,310,903
Deferred Outflows of Resources:						
Pension	1,066,871	708,011	277,284	184,777	1,344,155	892,788
Liabilities:						
Current and Other Liabilities	1,232,370	866,211	174,199	247,666	1,406,569	1,113,877
Long-Term Liabilities:						
Due Within One Year	262,605	0	175,543	0	438,148	0
Due in More Than One Year:						
Net Pension Liability	6,060,729	5,876,030	1,511,926	1,477,776	7,572,655	7,353,806
Other Amounts	431,293	848,219	1,529,179	1,848,176	1,960,472	2,696,395
Total Liabilities	7,986,997	7,590,460	3,390,847	3,573,618	11,377,844	11,164,078
Deferred Infows of Resources:						
Property Taxes not intended to Finance Current Year Operations	1,425,331	1,382,463	0	0	1,425,331	1,382,463
Pension	112,795	58,605	26,561	0	139,356	58,605
Total Deferred Inflows of Resources	1,538,126	1,441,068	26,561	0	1,564,687	1,441,068
Net Position:						
Net Investment in Capital Assets	32,628,878	29,629,081	593,707	489,982	33,222,585	30,119,063
Restricted	8,023,548	7,454,014	0	0	8,023,548	7,454,014
Unrestricted (Deficit)	3,033,263	(608,014)	(1,923,608)	(1,366,518)	1,109,655	(1,974,532)
Total Net Position (Deficit)	$43,685,689	$36,475,081	($1,329,901)	($876,536)	$42,355,788	$35,598,545

During 2015, the County adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the County's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the County's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the County is reporting a new pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from $41,701,705 to $36,475,081 for governmental activities and from $416,463 to ($876,536) for business-type activities.

As noted earlier, the County's net position, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $42,355,788 ($43,685,689 in governmental activities and ($1,329,901) in business-type activities) as of December 31, 2015. The change in net position, an increase of $6,757,243, represents approximately 19 percent increase from the prior year's balance. Capital assets increased in the amount of $2,777,473, and is mostly attributable to current year governmental activities capitalizations of infrastructure in the amount of $3,814,849. Liabilities minimally increased in the amount of $213,766. This increase is a combination of decreases in long-term liabilities, not related to the net pension liability, as the County continues to pay off outstanding debt, as well as increases in current liabilities which are the result of timing of when accounts payable and accrued wages are actually paid out in cash.

By far, the largest portion of the County's net position, $33,222,585, or 78 percent, reflects its investment in capital assets (e.g., land, construction in progress, infrastructure, buildings and improvements, and vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The next largest portion of the County's net position, $8,023,548, or 19 percent, represents resources that are subject to restrictions on how they can be used. The balance of unrestricted net position (3 percent) is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net position for 2015, compared to the changes in net position for 2014:

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for Services	$3,083,159	$3,580,295	$3,191,109	$3,654,983	$6,274,268	$7,235,278
Operating Grants, Contributions, and Interest	8,538,891	8,754,588	0	0	8,538,891	8,754,588
Capital Grants and Contributions	995,062	9,976,621	0	204,000	995,062	10,180,621
Total Program Revenues	12,617,112	22,311,504	3,191,109	3,858,983	15,808,221	26,170,487
General Revenues						
Property Taxes	2,044,712	1,927,522	0	0	2,044,712	1,927,522
Permissive Sales Taxes	6,861,812	3,121,285	0	0	6,861,812	3,121,285
Intergovernmental	690,804	598,190	0	0	690,804	598,190
Royalty Revenue	48	218	0	0	48	218
Investment Earnings	140,733	118,269	0	0	140,733	118,269
Miscellaneous	430,181	507,347	4,147	88,745	434,328	596,092
Total General Revenues	10,168,290	6,272,831	4,147	88,745	10,172,437	6,361,576
Transfers	(2,500)	0	2,500	0	0	0
Total Revenues and Transfers	22,782,902	28,584,335	3,197,756	3,947,728	25,980,658	32,532,063
Program Expenses						
General Government						
Legislative and Executive	2,783,130	2,606,524	0	0	2,783,130	2,606,524
Judicial	1,205,249	1,094,739	0	0	1,205,249	1,094,739
Public Safety	2,967,588	2,626,703	0	0	2,967,588	2,626,703
Public Works	1,969,046	3,372,891	0	0	1,969,046	3,372,891
Health	2,529,615	2,760,195	0	0	2,529,615	2,760,195
Human Services	3,523,149	3,690,366	0	0	3,523,149	3,690,366
Economic Development	582,520	421,376	0	0	582,520	421,376
Interest and Fiscal Charges	11,997	18,716	0	0	11,997	18,716
Care Center	0	0	3,651,121	3,582,968	3,651,121	3,582,968
Total Expenses	15,572,294	16,591,510	3,651,121	3,582,968	19,223,415	20,174,478
Change in Net Position	7,210,608	11,992,825	(453,365)	364,760	6,757,243	12,357,585
Net Position (Deficit) Beginning of Year	36,475,081	N/A	(876,536)	N/A	35,598,545	N/A
Net Position (Deficit) End of Year	$43,685,689	$36,475,081	($1,329,901)	($876,536)	$42,355,788	$35,598,545

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $898,518 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $804,505.

Consequently, in order to compare 2015 total program expense to 2014, the following adjustments are needed:

	Governmental Activitites	Business-Type Activities	Total
Total 2015 program expenses under GASB 68	$15,572,294	$3,651,121	$19,223,415
Pension expense under GASB 68	(639,689)	(164,816)	(804,505)
2015 contractually required contribution	759,660	196,612	956,272
Adjusted 2015 program expenses	15,692,265	3,682,917	19,375,182
Total 2014 program expenses under GASB 27	16,591,510	3,582,968	20,174,478
Increase (decrease) in program expenses not related to pension	($899,245)	$99,949	($799,296)

Governmental Activities

Total revenues and transfers of the governmental activities decreased by $5,801,433 during 2015. The County's direct charges to users of governmental services made up $3,083,159 or 14 percent of total governmental revenues and transfers. These charges are for fees for real estate transfers, deed and lease recordings, rent, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits. Operating grants, contributions, and restricted interest decreased $215,697 and represents 37 percent of total revenues and transfers for governmental activities. Operating grants, contributions, and restricted interest are normally the largest program revenues, however, for 2015, capital grants and contributions reflect a significant decrease from the prior year in the amount of $8,981,559, and the decrease is attributable to non-routine capital contributions of infrastructure in the prior year from the oil and gas industry. The major recipients of intergovernmental revenues were the human services, public works, and economic development programs.

Permissive sales tax revenues account for $6,861,812 or 30 percent of total governmental revenues and transfers, and are directly reflective of the economy and taxable sales within the County. Another major component of governmental general revenues was property tax revenues, which accounted for $2,044,712 or 9 percent of total governmental revenues and transfers.

The County's human services programs accounted for $3,523,149, or 23 percent of total expenses for governmental activities. Other major program expenses for governmental activities include public safety programs, which accounted for $2,967,588 or 19 percent of total expenses, and legislative and executive programs, which accounted for $2,783,130 or 18 percent of total expenses. The largest change in expenses occurred in the public works program, a decrease of $1,403,845. This decrease results mostly from the cyclical operations of the County's community development block grant activities and the large capitalization of infrastructure as compared to the prior year.

Business-Type Activities

The net position for business-type activities decreased $453,365 during 2015. Capital contributions decreased in the amount of $204,000 due to prior year donations of capital assets from governmental activities that the County did not realize during 2015. Charges for services were the predominant program revenue, accounting for $3,191,109 or 98 percent of total business-type revenues and transfers. This revenue is derived from residents of the County's care and rehabilitation center. The decrease in this revenue is due to a decrease in Medicaid/Medicare eligible residents. The operation of the Care Center is reliant on private pay residents until the County gets re-certified and can once again admit Medicaid/Medicare eligible residents.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2015, as compared to 2014. The Statement of Activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues, unrestricted intergovernmental revenues, and unrestricted interest earnings.

Table 3
Governmental Activities

	Total Cost of Services 2015	Net Cost (Revenue) of Services 2015	Total Cost of Services 2014	Net Cost (Revenue) of Services 2014
General Government				
Legislative and Executive	$2,783,130	$1,393,244	$2,606,524	$641,772
Judicial	1,205,249	587,147	1,094,739	575,924
Public Safety	2,967,588	1,930,382	2,626,703	1,603,375
Public Works	1,969,046	(2,508,506)	3,372,891	(10,055,549)
Health	2,529,615	1,623,694	2,760,195	1,522,686
Human Services	3,523,149	125,355	3,690,366	326,861
Economic Development	582,520	(208,131)	421,376	(353,779)
Interest and Fiscal Charges	11,997	11,997	18,716	18,716
Total Expenses	$15,572,294	$2,955,182	$16,591,510	($5,719,994)

Charges for services, operating and capital grants, contributions, and interest of $12,617,112, were received and used to fund the governmental activities expenses of the County for 2015. The remaining governmental expenses in the amount of $2,955,182 are funded by property and permissive sales taxes, non-restricted intergovernmental revenues, interest, and miscellaneous revenues. The net cost of $1,980,391 in the legislative and executive and judicial programs represent activities related to the governing body as well as activities that directly support other County programs that serve the County's residents. As a result, these programs rely on the general revenues of the County to support their activities. During 2015, public safety net cost of services of $1,930,382 indicates that the permissive sales tax and property tax levies are necessary for the operation of the sheriff's department and other public safety activity due to insufficient program revenues for these operations. The $1,623,694 in net cost of services for health programs demonstrates the amount of the costs of services that were not supported from state and federal resources during 2015. As such, the taxpayers have approved property tax levies for the developmental disabilities program.

Financial Analysis of County Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Governmental Accounting Standards Board (GASB) Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of resources reported in governmental funds. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2015, the County's governmental funds reported a combined ending fund balance of $13,412,687, an increase of $3,870,398 in comparison with the prior year. Of that total ending fund balance, $417,315 is non-spendable, $5,599,490 is restricted, $2,765 is committed, $1,475,395 is assigned, and $5,917,722 is unassigned, as defined in GASB Statement No. 54. Of the amount restricted, $287,181 is restricted for court corrections, $1,271,095 is restricted for roads and bridges, $768,718 is restricted for human services, $1,692,316 is restricted for developmental disabilities, $186,511 is restricted for health, $191,578 is restricted for community development, $306,653 is restricted for public safety, and $895,438 is restricted for other purposes.

The General Fund is the primary operating fund of the County. At the end of 2015, unassigned fund balance was $5,929,420, while total fund balance was $7,511,206. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 85 percent to total General Fund expenditures, while total fund balance represents 107 percent of that same amount. The fund balance increased from 2014 by $3,457,313. Management is successfully working hard to maintain expenditures and other financing uses at or below fixed revenue sources adding to the adequate carryover fund balance for the past few years.

At the end of 2015, the Public Assistance Special Revenue Fund had a fund balance of $269,870, in comparison to the prior year ending fund balance of $54,703, an increase of $215,167. This department is diligently working hard at keeping expenditures in line with revenues and not over-extending the budget. However, cash for carryover into the following year is dependent on fixed and limited state resources.

The fund balance of the Maintenance Special Revenue Fund at December 31, 2015 was $1,493,045, a decrease of $8,619 from the previous year. This minimal change is a direct result of this department matching projected revenue streams and spending levels. Due to this conservative budgeting, this department was able to maintain an adequate fund balance for carryover into the next year.

The fund balance of the Community Development Special Revenue Fund at December 31, 2015 was $228,386, an increase of $3,484. This minimal change is the result of the matching expenditures in this fund with fixed federal community development block grants that are restricted for economic development. This fund became a major fund during 2015 as the start of a new round of formula and housing grants were applied for and awarded during the year.

The fund balance of the Developmental Disabilities Special Revenue Fund at December 31, 2015 was $1,701,365, a decrease of $126,786. This modest change is the result of decreased revenues within this department.

Proprietary Funds - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. As of December 31, 2015, net position for the County's enterprise fund was ($1,329,901). Of that total, ($1,923,608) represents unrestricted net position. The County Care Center has raised fees and limited spending to attempt to increase their net position for the following year. However, as discussed earlier, the census of patients have decreased from the prior year resulting in a decrease in operating revenue.

General Fund Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the Board of County Commissioners adopts a temporary operating budget for the County prior to the first day of January.

The Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

During the course of 2015, the County amended its General Fund estimated revenues and appropriations, and the budgetary statements reflect both the original and final budgeted amounts. The change from the original to the final estimate for ending fund balance was a 47 percent decrease. For the General Fund, actual revenues were $4,248,454 higher than final budgeted amounts due mostly to conservative estimates for permissive sales tax revenues which also lead to the ending fund balance being $4,718,589 higher than final budgeted amount of $1,684,275.

Capital Assets and Debt Administration

Capital Assets **-** The County's capital assets for governmental and business-type activities as of December 31, 2015, were $35,054,082 (net of accumulated depreciation). This includes land, construction in progress, infrastructure, buildings and improvements, and vehicles and equipment. Table 4 provides a comparison of capital assets as of the end of 2014 and 2015. In addition, Note 9 (Capital Assets) provides capital asset activity during 2015:

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$244,202	$77,802	$0	$0	$244,202	$77,802
Construction in Progress	409,523	0	42,255	0	451,778	0
Infrastructure	27,422,349	24,980,342	0	0	27,422,349	24,980,342
Buildings and Improvements	2,080,630	2,080,693	2,130,373	2,208,019	4,211,003	4,288,712
Vehicles and Equipment	2,724,750	2,929,753	0	0	2,724,750	2,929,753
Total Capital Assets	$32,881,454	$30,068,590	$2,172,628	$2,208,019	$35,054,082	$32,276,609

Long-Term Debt - As of December 31, 2015, the County had total debt outstanding of $1,821,403; $187,224 in governmental activities and $1,634,179 in business-type activities.

Table 5 outlines the long-term debt held by the County during 2015 and 2014:

Table 5
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	$0	$149,927	$1,634,179	$1,777,242	$1,634,179	$1,927,169
Municipal Lease Loan	160,422	219,375	0	0	160,422	219,375
Capital Leases	26,802	70,207	0	0	26,802	70,207
Total Long-Term Debt	$187,224	$439,509	$1,634,179	$1,777,242	$1,821,403	$2,216,751

In addition to the above debt, the County's long-term obligations include compensated absences and net pension liability. Additional information on the County's long-term debt can be found in Note 15 of this report. The County's total unvoted legal debt margin at December 31, 2015, is $3,225,993.

Economic Factors

The County is currently stable financially with the help of the recent increase in the oil and gas industry. Department heads are continuing to remain within their appropriated budgets for the year.

The various economic factors were considered in the preparation of the County's 2015 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Pandora Neuhart, Monroe County Auditor, 101 North Main Street, Room 22, Woodsfield, Ohio 43793.

Monroe County, Ohio
Statement of Net Position
December 31, 2015

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$12,009,614	$91,829	$12,101,443
Cash and Cash Equivalents In Segregated Accounts	0	8,709	8,709
Cash and Cash Equivalents with Fiscal Agents	306,996	0	306,996
Property Taxes Receivable	1,511,522	0	1,511,522
Permissive Motor Vehicle License Taxes Receivable	5,280	0	5,280
Accounts Receivable	150,377	81,932	232,309
Interest Receivable	23,919	0	23,919
Internal Balances	570,031	(570,031)	0
Intergovernmental Receivable	3,398,579	0	3,398,579
Prepaid Items	107,913	16,031	123,944
Sales Taxes Receivable	878,754	0	878,754
Loans Receivable	36,602	0	36,602
Materials and Supplies Inventory	262,900	9,125	272,025
Non-Depreciable Capital Assets	653,725	42,255	695,980
Depreciable Capital Assets, Net	32,227,729	2,130,373	34,358,102
Total Assets	52,143,941	1,810,223	53,954,164
Deferred Outflows of Resources			
Pension	1,066,871	277,284	1,344,155
Liabilities			
Accounts Payable	452,848	61,791	514,639
Contracts Payable	162,897	0	162,897
Accrued Wages Payable	283,108	58,471	341,579
Intergovernmental Payable	333,306	47,084	380,390
Accrued Interest Payable	211	6,853	7,064
Long-Term Liabilities:			
Due Within One Year	262,605	175,543	438,148
Due In More Than One Year:			
Net Pension Liability (See Note 11)	6,060,729	1,511,926	7,572,655
Other Amounts Due In More Than One Year	431,293	1,529,179	1,960,472
Total Liabilities	7,986,997	3,390,847	11,377,844
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	1,425,331	0	1,425,331
Pension	112,795	26,561	139,356
Total Liabilities	1,538,126	26,561	1,564,687
Net Position			
Net Investment in Capital Assets	32,628,878	593,707	33,222,585
Restricted for:			
Other Purposes	710,928	0	710,928
Unclaimed Monies	9,900	0	9,900
Capital Projects	168,582	0	168,582
Public Assistance	241,079	0	241,079
Child Support Enforcement	337,791	0	337,791
Children Services	181,976	0	181,976
Court Operations	289,402	0	289,402
Real Estate Assessment	560,360	0	560,360
Delinquent Tax Collection	115,329	0	115,329
Road and Bridge Maintenance	2,499,866	0	2,499,866
Developmental Disabilities	1,785,178	0	1,785,178
Community Development	1,123,157	0	1,123,157
Unrestricted (Deficit)	3,033,263	(1,923,608)	1,109,655
Total Net Position	$43,685,689	($1,329,901)	$42,355,788

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Activities
For the Year Ended December 31, 2015

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government:							
Legislative and Executive	$2,783,130	$1,385,375	$4,511	$0	($1,393,244)	$0	($1,393,244)
Judicial	1,205,249	383,490	234,612	0	(587,147)	0	(587,147)
Public Safety	2,967,588	542,919	494,287	0	(1,930,382)	0	(1,930,382)
Public Works	1,969,046	131,825	3,350,665	995,062	2,508,506	0	2,508,506
Health	2,529,615	168,533	737,388	0	(1,623,694)	0	(1,623,694)
Human Services	3,523,149	457,283	2,940,511	0	(125,355)	0	(125,355)
Economic Development	582,520	13,734	776,917	0	208,131	0	208,131
Interest and Fiscal Charges	11,997	0	0	0	(11,997)	0	(11,997)
Total Governmental Activities	15,572,294	3,083,159	8,538,891	995,062	(2,955,182)	0	(2,955,182)
Business-Type Activities:							
Care Center	3,651,121	3,191,109	0	0	0	(460,012)	(460,012)
Total Business-Type Activities	3,651,121	3,191,109	0	0	0	(460,012)	(460,012)
Total Primary Government	$19,223,415	$6,274,268	$8,538,891	$995,062	(2,955,182)	(460,012)	(3,415,194)
		General Revenues					
		Property Taxes Levied for:					
		General Purposes			1,108,640	0	1,108,640
		Health			936,072	0	936,072
		Sales Taxes Levied for General Purposes			6,861,812	0	6,861,812
		Grants and Entitlements not Restricted to Specific Programs			690,804	0	690,804
		Royalty Revenue			48	0	48
		Investment Earnings			140,733	0	140,733
		Miscellaneous			430,181	4,147	434,328
		Total General Revenues			10,168,290	4,147	10,172,437
		Transfers			(2,500)	2,500	0
		Total General Revenues and Transfers			10,165,790	6,647	10,172,437
		Change in Net Position			7,210,608	(453,365)	6,757,243
		Net Position (Deficit) Beginning of Year - Restated (See Note 23)			36,475,081	(876,536)	35,598,545
		Net Position (Deficit) End of Year			$43,685,689	($1,329,901)	$42,355,788

See accompanying notes to the basic financial statements

Monroe County, Ohio
Balance Sheet
Governmental Funds
December 31, 2015

	General	Public Assistance	Maintenance	Community Development	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	$6,630,574	$390,952	$1,158,495	$189,517	$1,411,450	$2,218,726	$11,999,714
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0	306,996	0	306,996
Receivables:							
Property Taxes	846,230	0	0	0	665,292	0	1,511,522
Interest	23,919	0	0	0	0	0	23,919
Interfund	817,912	49,160	0	0	0	37,257	904,329
Accounts	82,618	696	45,494	0	203	21,366	150,377
Intergovernmental	282,269	86,637	1,627,917	930,148	183,831	287,777	3,398,579
Permissive Motor Vehicle License	0	0	5,280	0	0	0	5,280
Sales Taxes	878,754	0	0	0	0	0	878,754
Loans Receivable	0	0	0	36,602	0	0	36,602
Prepaid Items	51,336	9,354	9,032	206	5,604	32,381	107,913
Materials and Supplies Inventory	42,390	1,382	212,932	0	3,445	2,751	262,900
Restricted Cash and Cash Equivalents	9,900	0	0	0	0	0	9,900
Total Assets	$9,665,902	$538,181	$3,059,150	$1,156,473	$2,576,821	$2,600,258	$19,596,785
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	$218,230	$28,010	$98,633	$33,316	$35,360	$39,299	$452,848
Contracts Payable	65,352	0	97,545	0	0	0	162,897
Interfund Payable	15,870	58,508	153,181	0	0	106,739	334,298
Accrued Wages Payable	93,184	44,187	65,943	0	41,594	38,200	283,108
Intergovernmental Payable	197,874	51,506	37,634	0	19,774	26,518	333,306
Total Liabilities	590,510	182,211	452,936	33,316	96,728	210,756	1,566,457
Deferred Inflows of Revenues							
Property Taxes not Levied to Finance Current Year Operations	797,976	0	0	0	627,355	0	1,425,331
Unavailable Revenue	766,210	86,100	1,113,169	894,771	151,373	180,687	3,192,310
Total Deferred Inflows of Revenues	1,564,186	86,100	1,113,169	894,771	778,728	180,687	4,617,641
Fund Balances							
Nonspendable:							
Inventory	42,390	1,382	212,932	0	3,445	2,751	262,900
Prepaids	51,336	9,354	9,032	206	5,604	32,381	107,913
Long-Term Receivables	0	0	0	36,602	0	0	36,602
Unclaimed Monies	9,900	0	0	0	0	0	9,900
Restricted to:							
Court Corrections	0	0	0	0	0	287,181	287,181
Roads and Bridges	0	0	1,271,081	0	0	14	1,271,095
Human Services	0	259,134	0	0	0	509,584	768,718
Community Development	0	0	0	191,578	0	0	191,578
Public Safety	0	0	0	0	0	306,653	306,653
Developmental Disabilities	0	0	0	0	1,692,316	0	1,692,316
Health	0	0	0	0	0	186,511	186,511
Other Purposes	0	0	0	0	0	895,438	895,438
Committed to:							
Unpaid Obligations	2,765	0	0	0	0	0	2,765
Assigned to:							
Purchases on Order	125,504	0	0	0	0	0	125,504
Subsequent Year's Appropriations	1,349,891	0	0	0	0	0	1,349,891
Unassigned (Deficit)	5,929,420	0	0	0	0	(11,698)	5,917,722
Total Fund Balances	7,511,206	269,870	1,493,045	228,386	1,701,365	2,208,815	13,412,687
Total Liabilities, Deferred Inflows of Revenues, and Fund Balances	$9,665,902	$538,181	$3,059,150	$1,156,473	$2,576,821	$2,600,258	$19,596,785

See accompanying notes to the basic financial statements

Monroe County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2015

Total Governmental Fund Balances		$13,412,687
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,881,454
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	86,191	
Permissive Sales Taxes	358,274	
Intergovernmental	2,725,249	
Interest	13,846	
Accounts	8,750	
Total		3,192,310
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.		(211)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,066,871	
Deferred Inflows - Pension	(112,795)	
Net Pension Liability	(6,060,729)	
Total		(5,106,653)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Municipal Lease Loan	(160,422)	
Compensated Absences	(506,674)	
Capital Leases	(26,802)	
Total		(693,898)
Net Position of Governmental Activities		$43,685,689

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Public Assistance	Maintenance	Community Development	Developmental Disabities	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	$1,112,273	$0	$0	$0	$813,839	$125,522	$2,051,634
Permissive Sales Taxes	6,844,456	0	0	0	0	0	6,844,456
Pernissive MVL Taxes	0	0	79,180	0	0	0	79,180
Intergovernmental	629,343	2,165,126	3,321,196	327,545	812,249	2,104,250	9,359,709
Interest	141,951	0	4,105	1,369	1,453	0	148,878
Licenses and Permits	4,925	0	0	0	0	54,486	59,411
Fines and Forfeitures	47,467	0	16,354	0	0	47,796	111,617
Rentals	0	0	0	0	0	2,262	2,262
Royalty Revenue	48	0	0	0	0	0	48
Charges for Services	1,802,412	301,398	36,291	13,734	4,894	792,294	2,951,023
Contributions and Donations	0	0	425,000	0	0	15,259	440,259
Other	326,078	43,515	53,645	2,339	25,998	21,561	473,136
Total Revenues	10,908,953	2,510,039	3,935,771	344,987	1,658,433	3,163,430	22,521,613
Expenditures							
Current:							
General Government:							
Legislative and Executive	2,745,731	0	0	0	0	289,656	3,035,387
Judicial	964,304	0	0	0	0	242,974	1,207,278
Public Safety	2,276,475	0	0	0	0	548,057	2,824,532
Public Works	19,010	0	3,895,330	0	0	770,355	4,684,695
Health	576,390	0	0	0	1,743,202	210,096	2,529,688
Human Services	176,963	2,294,872	0	0	0	1,078,958	3,550,793
Economic Development	229,044	0	0	341,503	0	0	570,547
Debt Service:							
Principal Retirement	2,261	0	0	0	41,144	208,880	252,285
Interest and Fiscal Charges	550	0	0	0	1,473	15,087	17,110
Total Expenditures	6,990,728	2,294,872	3,895,330	341,503	1,785,819	3,364,063	18,672,315
Excess of Revenues Over(Under) Expenditures	3,918,225	215,167	40,441	3,484	(127,386)	(200,633)	3,849,298
Other Financing Sources (Use)							
Transfers In	0	0	125,000	0	0	530,472	655,472
Proceeds from Sale of Capital Assets	0	0	23,000	0	600	0	23,600
Transfers Out	(460,912)	0	(197,060)	0	0	0	(657,972)
Total Other Financing Sources (Use)	(460,912)	0	(49,060)	0	600	530,472	21,100
Net Change in Fund Balances	3,457,313	215,167	(8,619)	3,484	(126,786)	329,839	3,870,398
Fund Balances at Beginning of Year	4,053,893	54,703	1,501,664	224,902	1,828,151	1,878,976	9,542,289
Fund Balances at End of Year	$7,511,206	$269,870	$1,493,045	$228,386	$1,701,365	$2,208,815	$13,412,687

See accompanying notes to the basic financial statements

Monroe County, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Governmental Funds		$3,870,398
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and capital contributions exceeded depreciation in the current period:		
Capital Asset Additions	4,616,473	
Current Year Depreciation	(1,642,198)	
Total		2,974,275
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and loss from the disposal of assets:		
Proceeds from Sale of Capital Assets	(23,600)	
Loss on Disposal of Capital Assets	(137,811)	
		(161,411)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds:		
Property Taxes	(6,922)	
Intergovernmental	402,014	
Sales Taxes	17,356	
Charges for Services	(120,334)	
Interest	(1,218)	
Other	(42,955)	
Total		247,941
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows or a reduction in the net pension liability.		759,660
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(639,689)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		252,285
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		5,113
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated Absences Payable		(97,964)
Change in Net Position of Governmental Activities		$7,210,608

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$945,000	$945,000	$1,103,723	$158,723
Permissive Sales Taxes	2,500,000	2,500,000	6,833,248	4,333,248
Intergovernmental	658,320	665,478	620,052	(45,426)
Charges for Services	2,193,798	2,194,299	1,835,649	(358,650)
Fines and Forfeitures	45,500	45,500	48,960	3,460
Licenses and Permits	1,700	1,700	4,925	3,225
Interest	120,000	120,000	135,656	15,656
Royalty Revenue	0	5,000	1,195	(3,805)
Contributions and Donations	300	300	0	(300)
Other	155,500	193,365	335,688	142,323
Total Revenues	6,620,118	6,670,642	10,919,096	4,248,454
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,219,753	2,814,956	2,675,351	139,605
Judicial	910,991	1,015,222	956,680	58,542
Public Safety	2,321,628	2,380,983	2,286,585	94,398
Public Works	38,700	42,710	19,010	23,700
Health	587,670	664,705	617,385	47,320
Human Services	246,065	232,115	177,220	54,895
Community and Economic Development	106,547	232,563	232,563	0
Debt Service:				
Principal Retirement	0	2,261	2,261	0
Interest and Fiscal Charges	0	550	550	0
Total Expenditures	6,431,354	7,386,065	6,967,605	418,460
Excess of Revenues Over (Under) Expenditures	188,764	(715,423)	3,951,491	4,666,914
Other Financing Sources (Uses)				
Transfers In	9,975	9,975	0	(9,975)
Advances In	28,000	30,000	31,500	1,500
Transfers Out	(209,975)	(479,272)	(459,322)	19,950
Advances Out	0	(329,286)	(289,086)	40,200
Total Other Financing Sources (Uses)	(172,000)	(768,583)	(716,908)	51,675
Net Change in Fund Balance	16,764	(1,484,006)	3,234,583	4,718,589
Fund Balance at Beginning of Year	2,945,673	2,945,673	2,945,673	0
Prior Year Encumbrances Appropriated	222,608	222,608	222,608	0
Fund Balance at End of Year	$3,185,045	$1,684,275	$6,402,864	$4,718,589

See accompanying notes to the basic financial statements

Monroe County, Ohio

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Charges for Services	$30,000	$256,106	$253,179	($2,927)
Intergovernmental	1,731,282	1,788,072	2,232,451	444,379
Other	71,000	71,000	43,640	(27,360)
Total Revenues	1,832,282	2,115,178	2,529,270	414,092
Expenditures				
Current:				
Human Services	2,316,885	2,407,954	2,269,551	138,403
Excess of Revenues Over (Under) Expenditures	(484,603)	(292,776)	259,719	552,495
Other Financing Source (Use)				
Transfers In	500,000	273,894	0	(273,894)
Transfers Out	(100,000)	(104,571)	0	104,571
Total Other Financing Source (Use)	400,000	169,323	0	(169,323)
Net Change in Fund Balance	(84,603)	(123,453)	259,719	383,172
Fund Balance at Beginning of Year	46,580	46,580	46,580	0
Prior Year Encumbrances Appropriated	84,653	84,653	84,653	0
Fund Balance at End of Year	$46,630	$7,780	$390,952	$383,172

See accompanying notes to the basic financial statements

Monroe County, Ohio

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Maintenance Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Permissive Motor Vehicle License Tax	$80,158	$80,158	$80,158	$0
Intergovernmental	3,239,842	3,239,842	3,347,474	107,632
Charges for Services	30,000	30,000	36,946	6,946
Fines and Forfeitures	8,600	8,600	16,752	8,152
Interest	4,000	4,000	4,548	548
Contributions and Donations	0	425,000	425,000	0
Other	25,000	25,000	8,922	(16,078)
Total Revenues	3,387,600	3,812,600	3,919,800	107,200
Expenditures				
Current:				
Public Works	3,540,562	4,574,541	4,172,227	402,314
Excess of Revenues Over (Under) Expenditures	(152,962)	(761,941)	(252,427)	509,514
Other Financing Sources (Use)				
Transfers In	100,000	150,000	125,000	(25,000)
Proceeds from Sale of Capital Assets	0	0	23,000	23,000
Advances In	0	124,362	124,362	0
Transfers Out	(120,000)	(200,306)	(197,060)	3,246
Total Other Financing Sources (Use)	(20,000)	74,056	75,302	1,246
Net Change in Fund Balance	(172,962)	(687,885)	(177,125)	510,760
Fund Balance at Beginning of Year	772,256	772,256	772,256	0
Prior Year Encumbrances Appropriated	173,412	173,412	173,412	0
Fund Balance at End of Year	$772,706	$257,783	$768,543	$510,760

See accompanying notes to the basic financial statements

Monroe County, Ohio

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Loan Repayments	$0	$0	$11,823	$11,823
Charges for Services	5,000	13,722	13,734	12
Intergovernmental	750,000	805,000	357,211	(447,789)
Interest	0	0	1,365	1,365
Other	0	0	2,339	2,339
Total Revenues	755,000	818,722	386,472	(432,250)
Expenditures				
Current:				
Economic Development	681,968	759,539	308,393	451,146
Excess of Revenues Over Expenditures	73,032	59,183	78,079	18,896
Other Financing Sources (Use)				
Transfers In	1,000	1,000	0	(1,000)
Advances In	0	38,200	0	(38,200)
Advances Out	0	(38,200)	0	38,200
Total Other Financing Sources (Use)	1,000	1,000	0	(1,000)
Net Change in Fund Balance	74,032	60,183	78,079	17,896
Fund Balance at Beginning of Year	110,464	110,464	110,464	0
Prior Year Encumbrances Appropriated	968	968	968	0
Fund Balance at End of Year	$185,464	$171,615	$189,511	$17,896

See accompanying notes to the basic financial statements

Monroe County, Ohio

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$719,000	$719,000	$806,511	$87,511
Charges for Services	7,000	7,000	4,850	(2,150)
Intergovernmental	875,000	875,000	775,768	(99,232)
Interest	1,000	1,000	1,453	453
Other	17,000	17,000	28,173	11,173
Total Revenues	1,619,000	1,619,000	1,616,755	(2,245)
Expenditures				
Current:				
Health	1,802,093	2,031,537	1,743,930	287,607
Debt Service:				
Principal Retirements	41,144	41,144	41,144	0
Interest and Fiscal Charges	1,473	1,473	1,473	0
Total Expenditures	1,844,710	2,074,154	1,786,547	287,607
Excess of Revenues Over (Under) Expenditures	(225,710)	(455,154)	(169,792)	285,362
Other Financing Sources (Use)				
Transfers In	105,000	305,000	0	(305,000)
Proceeds from Sale of Capital Assets	0	0	600	600
Transfers Out	(50,000)	(300,000)	0	300,000
Total Other Financing Sources (Use)	55,000	5,000	600	(4,400)
Net Change in Fund Balance	(170,710)	(450,154)	(169,192)	280,362
Fund Balance at Beginning of Year	1,772,216	1,772,216	1,772,216	0
Prior Year Encumbrances Appropriated	46,710	46,710	46,710	0
Fund Balance at End of Year	$1,648,216	$1,368,772	$1,649,734	$280,362

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2015

	Business-Type Activity Care Center
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$91,829
Cash and Cash Equivalents in Segregated Accounts	8,709
Accounts Receivable	81,932
Prepaid Items	16,031
Materials and Supplies Inventory	9,125
Total Current Assets	207,626
Noncurrent Assets:	
Non-Depreciable Capital Assets, Net	42,255
Depreciable Capital Assets, Net	2,130,373
Total Noncurrent Assets	2,172,628
Total Assets	2,380,254
Deferred Outflows of Resources	
Pension	277,284
Liabilities	
Current Liabilities:	
Accounts Payable	61,791
Accrued Wages Payable	58,471
Intergovernmental Payable	47,084
Accrued Interest Payable	6,853
Compensated Absences Payable	70,543
General Obligation Bonds Payable	105,000
Interfund Payable	570,031
Total Current Liabilities	919,773
Long-Term Liabilities (Net of Current Portion):	
General Obligation Bonds Payable	1,529,179
Net Pension Liability	1,511,926
Total Long-Term Liabilities	3,041,105
Total Liabilities	3,960,878
Deferred Inflows of Resources	
Pension	26,561
Net Position	
Net Investment in Capital Assets	593,707
Unrestricted (Deficit)	(1,923,608)
Total Net Position	($1,329,901)

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2015

	Business-Type Activity
	Care Center
Operating Revenues	
Charges for Services	$3,191,109
Other	1,544
Total Operating Revenues	3,192,653
Operating Expenses	
Personal Services	1,992,054
Contractual Services	1,037,911
Materials and Supplies	408,061
Depreciation	77,646
Other	52,008
Total Operating Expenses	3,567,680
Operating Loss	(375,027)
Non-Operating Revenues (Expenses)	
Other Non-Operating Revenues	2,603
Interest and Fiscal Charges	(83,441)
Total Non-Operating Revenues (Expenses)	(80,838)
Loss Before Transfers	(455,865)
Transfers In	2,500
Change in Net Position	(453,365)
Net Position (Deficit) Beginning of Year - Restated (See Note 23)	(876,536)
Net Position (Deficit) End of Year	($1,329,901)

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2015

	Business-Type Activity Care Center
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$3,408,594
Cash Received from Other Operating Revenues	11,482
Cash Received from Other Non-Operating Revenues	2,603
Cash Payments for Employee Services and Benefits	(2,068,067)
Cash Payments for Goods and Services	(1,433,683)
Cash Payments for Other Operating Expenses	(54,870)
Net Cash Used for Operating Activities	(133,941)
Cash Flows from Noncapital Financing Activities	
Transfers In	2,500
Advances In	146,724
Advances Out	(24,000)
Net Cash Provided by Noncapital Financing Activities	125,224
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(42,255)
Principal Paid on General Obligation Bonds	(140,000)
Interest and Fiscal Charges Paid on General Obligation Bonds	(87,000)
Net Cash Used for Capital and Related Financing Activities	(269,255)
Net Decrease in Cash and Cash Equivalents	(277,972)
Cash and Cash Equivalents Beginning of Year	378,510
Cash and Cash Equivalents End of Year	$100,538
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($375,027)
Adjustments:	
Depreciation	77,646
Other Non-Operating Revenues	2,603
Changes in Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources:	
Decrease in Accounts Receivable	154,034
Decrease in Materials and Supplies Inventory	1,025
Decrease in Prepaid Items	530
Decrease in Intergovernmental Receivable	9,938
Decrease in Interfund Receivable	63,451
Increase in Deferred Outflows of Resources - Pension	(92,507)
Decrease in Accounts Payable	(21,158)
Decrease in Accrued Wages Payable	(20,296)
Decrease in Matured Compensated Absences Payable	(3,200)
Decrease in Compensated Absences Payable	(391)
Increase in Interfund Payable	37,017
Increase in Deferred Inflows of Resources - Pension	26,561
Increase in Net Pension Liability	34,150
Decrease in Intergovernmental Payable	(28,317)
Net Cash Used for Operating Activities	($133,941)

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2015

Assets	
Equity in Pooled Cash and Cash Equivalents	$1,733,246
Cash and Cash Equivalents in Segregated Accounts	188,169
Investments in Segregated Accounts	86,117
Receivables:	
Property Taxes	17,524,874
Accounts	125,546
Permissive Motor Vehicle License	1,568
Intergovernmental	1,804,039
Total Assets	$21,463,559
Liabilities	
Intergovernmental Payable	$21,140,328
Deposits Held and Due to Others	117,107
Undistributed Monies	206,124
Total Liabilities	$21,463,559

See accompanying notes to the basic financial statements

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NOTE 1 - REPORTING ENTITY

Established in 1813, Monroe County, Ohio (the County), is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a County Court Judge, and a Common Pleas-Juvenile-Probate Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and chief administrators of public services for the County, including each of these departments.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the levying of taxes, the issuance of debt, and there is a potential for the organization to provide specific financial benefits to, or impose financial burden on, the primary government. The Monroe Adult Crafts Organization, Inc. (Workshop) was previously presented as a component unit of the County. However, for 2015, this component unit's activity was considered insignificant and thus excluded from the financial statements.

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuing of debt, or the levying of taxes:

Monroe County Agricultural Society
Monroe County Historical Society

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

Monroe County General Health District (District) - The District is a separately elected governing body that is legally separate. The five-member Board of Directors which oversees the operation of the District is elected by a District Advisory Council comprised of township trustees, mayors of participating municipalities, and members of the District, and approves the District's budget; however, this oversight is ministerial. The County will report the District and its activity will be reported as an agency fund.

Monroe County Soil and Water Conservation District (SWCD) - The SWCD is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the SWCD are elected officials, authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize SWCD expenditures, hire and fire staff, and do not rely on the County to finance deficits.

The Monroe County Regional Planning Commission, Monroe County Family and Children First Council, and the Monroe County Park District are presented as agency funds of the County because the County Auditor is the fiscal agent for these organizations.

The County participates in the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is discussed in Note 17.

Buckeye Hills-Hocking Valley Regional Development District
Joint Solid Waste District
Guernsey-Monroe-Noble Community Action Corporation (GMN)
Belmont, Harrison, and Monroe Counties Cluster
Mental Health Recovery Board (Board)
South Eastern Narcotics Team (SENT)
Monroe County Family and Children First Council
Buckeye Hills Resource Conservation and Development Project (RC&D)
Mid Eastern Ohio Regional Council of Governments (MEORC)
Ohio Valley Employment Resource
Oakview Juvenile Residential Center

The County is associated with the following organizations which are defined as related organizations. Additional financial information concerning the related organizations is presented in Note 18.

Monroe County District Public Library
Monroe County Community Improvement Corporation (CIC)
Monroe County Emergency Medical Service (EMS)

The County is associated with the County Risk Sharing Authority, Inc. (CORSA) and the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Program which are defined as public entity pools. Additional information concerning these organizations is presented in Note 19.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues 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 governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

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

Public Assistance Fund - The Public Assistance Fund accounts for various federal and state grants restricted to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Maintenance Fund - This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvements programs.

Community Development Fund - This fund accounts for restricted revenue from the federal government used for improvements to targeted areas in the County.

Developmental Disabilities Fund - The Developmental Disabilities Fund accounts for property tax revenues and federal and state grants. Expenditures are restricted by state law to those that benefit the developmentally disabled.

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

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprises funds may be used to account for any activity for which a fee is charged to external users for goods and services. The County reports the following major enterprise fund:

Care Center Fund - The Care Center Fund accounts for activity associated with the operation of a nursing home and rehabilitation center. Revenues are derived from patients and other non-operating sources. Expenses are for operating and capital related financing activities from the operation of the center.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes and state shared resources collected on behalf of and distributed to other local governments.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales taxes (see Note 7), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources include pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County unavailable revenue includes delinquent property taxes and unavailable sales taxes, accounts receivable, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee, fiscal agent, or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2015, investments were limited to non-participating certificates of deposit and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts are reported at cost or amortized cost. 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 not 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. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

The County has segregated accounts for monies held separate from the County's central bank accounts. These bank accounts are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County Treasury. The County has amounts presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents" which represents money held by a jointly governed organization (see Note 5).

Interest revenue is distributed to the funds according to the Monroe County Prosecutor's interpretation of Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2015 amounted to $141,951 which includes $75,722 assigned from other County funds.

G. Restricted Assets

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation.

H. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

I. Inventory of Supplies

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise funds are expenses when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of $10,000 for buildings, improvements, equipment and vehicles and $15,000 for infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land, land improvements, and construction in progress. Improvements are depreciated or amortized over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Infrastructure	25-75 Years	25-75 Years
Buildings and Improvements	10-50 Years	10-50 Years
Vehicles and Equipment	4-20 Years	4-20 Years

Infrastructure consisting of roads and bridges are capitalized and includes infrastructure acquired prior to the implementation of Governmental Accounting Standards Board Statement No. 34.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with twenty or more years of service at any age or 10 years of service at age 50.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

N. Pensions

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

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

However, compensated absences, net pension liability, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability in the governmental fund financial statements when due.

P. Capital Contributions

Contributions of capital arise from contributions of capital assets from governmental activities to business-type activities, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Fund Balance Reserves

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, prepaids, as well as inventory, unless the use of the proceeds from the collection of those receivables, or from the use of the inventory, is restricted, committed, or assigned.

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 Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the County Commissioners. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners assigned fund balance to cover a gap between estimated revenue and appropriations in 2016's appropriated budget.

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

The County 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.

R. Internal Activity

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

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes net position restricted for senior services, youth services, and local health, public safety, and victims advocate programs.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for operating a nursing home and rehabilitation center.

Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence.

V. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

C. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance.

D. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

E. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

Adjustments necessary to convert the results of operations at year-end on the Budget basis to the GAAP basis are as follows:

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Public Assistance	Maintenance	Community Development	Developmental Disabilities
GAAP Basis	$3,457,313	$215,167	($8,619)	$3,484	($126,786)
Net Adjustment for Revenue Accruals	(12,159)	5,731	(16,414)	41,489	(20,615)
Beginning of the Year:					
Unrecorded Cash	103,407	13,500	443	2	0
Agency Fund Cash Allocation	31,959	0	0	0	27,394
Prepaid Items	34,797	7,466	9,060	0	6,657
End of the Year:					
Unrecorded Cash	(72,555)	0	0	(6)	(13,735)
Agency Fund Cash Allocation	(40,509)	0	0	0	(34,722)
Prepaid Items	(51,336)	(9,354)	(9,032)	(206)	(5,604)
Net Adjustment for Expenditure Accruals	164,208	27,209	113,027	33,316	18,474
Transfers Out	1,590	0	0	0	0
Advances In	31,500	0	124,362	0	0
Advances Out	(289,086)	0	0	0	0
Encumbrances	(124,546)	0	(389,952)	0	(20,255)
Budget Basis	$3,234,583	$259,719	($177,125)	$78,079	($169,192)

NOTE 4 - ACCOUNTABILITY

The Dog and Kennel Special Revenue Fund and the Care Center Enterprise Fund had deficit fund balances in the amounts of $11,552 and $1,329,901, respectively, as of December 31, 2015. These deficits are due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers for these funds but only as cash is required, not as a deficit occurs.

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State Statute into two categories, active and inactive.

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

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.

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

1. United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States Treasury security that is a direct obligation of the United States;

2. Bonds, notes, debentures, or any other obligations or security issued by federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided 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 (1) or (2) above, and repurchase agreements secured by such obligations, provided these investments 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 simultaneously exchange similar securities or cash, equal value for equal value;

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

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

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

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

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

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

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers' acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2015, the County's Developmental Disabilities Special Revenue Fund had a cash balance of $306,996 with MEORC, a jointly governed organization (see Note 17). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid East Ohio Regional Council, Cathy Henthorn, who serves as Director of Financial Operations, 1 Avalon Road, Mt. Vernon, Ohio 43050.

Cash on Hand

At year-end, the County had $386,892 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents" and "Cash and Cash Equivalents in Segregated Accounts".

Deposits

Custodial Credit Risk Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, $4,774,107 of the County's bank balance of $6,446,313 was exposed to custodial credit risk because it was uninsured and uncollateralized. 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 pledge 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

As of December 31, 2015, the County had the following investments which are in the internal investment pool:

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Negotiable Certificates of Deposit	$7,418,838	01/06/2016-10/30/2020	100%	N/A	N/A
STAR Ohio	$32,521	49.4 days	N/A	AAAm	S&P

Interest Rate Risk The County's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County has not investment policy that would limit its investment choices other than what has been approved by State statute.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agency but not in the County's name. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments in listed in the table above.

NOTE 6 - PROPERTY TAXES

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

2015 real property taxes were 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 are collected in and intended to finance 2016.

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

Public utility 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 which became a lien December 31, 2014, were levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2015**,** was $8.10 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	$251,483,030
Public Utility Personal Property	89,838,700
Total Assessed Value	$341,321,730

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2015, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources **-** unavailable revenue.

NOTE 7 - PERMISSIVE SALES AND USE TAXES

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1-1/2%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. The County Commissioners, adopted resolutions amounting to 1.5% for permissive sales tax as allowed by Sections 5739.02 and 5741.02, Revised Code.

The State Tax Commissioner certifies to the State Auditor 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 and Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited entirely to the General Fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2015, consisted of taxes, interest, interfund, accounts (billings for user charged services), loans, permissive motor vehicle license tax, and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables, with the exception of loans, are fully collectible within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Property Tax Allocations	$124,233
Local Government, Local Government Revenue Assistance, and Library and Local Governmental Support Subsidies	116,464
Motor Vehicle License Tax	494,925
Motor Vehicle Gas Tax	1,132,992
Casino Revenue	84,812
Indigent Defense	20,530
Community Development Block Grants	929,600
Youth Services Grants	76,250
Law Enforcement Grants	8,733
Public Assistance Grants and Subsidies	86,100
Child Support Enforcement Grants and Subsidies	40,871
Monroe County Public Transportation Grants	5,939
Community Corrections Grants	37,248
Emergency Management Grants	10,683
Developmental Disabilities State and Federal Grants	55,813
VWAP Grants	26,212
Miscellaneous Intergovernmental Receivables	147,174
Total Intergovernmental Receivables	$3,398,579

Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for non-payment. Management believes all other receivables are fully collectible within one year, except for property taxes and loans.

Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $86,191 may not be collected within one year.

The Community Development Block Grant Special Revenue Fund reflects loans receivable of $36,602. This amount is for the principal owed to the County for Federal Community Development Block Grant Program monies loaned to businesses for improvements. The loans bear interest at annual rates of three to four percent. These loans are to be repaid over the next four years.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	$77,802	$166,400	$0	$244,202
Construction In Progress	0	502,883	(93,360)	409,523
Total Non-Depreciable Capital Assets	77,802	669,283	(93,360)	653,725
Depreciable Capital Assets:				
Infrastructure	28,447,225	3,543,579	(2,745,496)	29,245,308
Buildings and Improvements	3,838,076	93,360	0	3,931,436
Vehicles and Equipment	6,843,975	403,611	(90,066)	7,157,520
Total Depreciable Capital Assets	39,129,276	4,040,550	(2,835,562)	40,334,264
Accumulated Depreciation:				
Infrastructure	(3,466,883)	(973,160)	2,617,084	(1,822,959)
Buildings and Improvements	(1,757,383)	(93,423)	0	(1,850,806)
Vehicles and Equipment	(3,914,222)	(575,615)	57,067	(4,432,770)
Total Accumulated Depreciation	(9,138,488)	(1,642,198) *	2,674,151	(8,106,535)
Total Depreciable Capital Assets, Net	29,990,788	2,398,352	(161,411)	32,227,729
Governmental Capital Assets, Net	$30,068,590	$3,067,635	($254,771)	$32,881,454

*Depreciation expense was charged to governmental activities as follows:

Legislative and Executive	$21,484
Judicial	8,997
Public Safety	290,303
Public Works	1,158,644
Health	93,972
Human Services	68,013
Economic Development	785
Total Depreciation Expense	$1,642,198

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	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015
Business - Type Activities				
Non-Depreciable Capital Assets:				
Construction in Progress	$0	$42,255	$0	$42,255
Depreciable Capital Assets:				
Buildings and Improvements	3,553,070	0	0	3,553,070
Vehicles and Equipment	24,942	0	0	24,942
Total Depreciable Capital Assets	3,578,012	0	0	3,578,012
Accumulated Depreciation:				
Buildings and Improvements	(1,345,051)	(77,646)	0	(1,422,697)
Vehicles and Equipment	(24,942)	0	0	(24,942)
Total Accumulated Depreciation	(1,369,993)	(77,646)	0	(1,447,639)
Total Depreciable Capital Assets, Net	2,208,019	(77,646)	0	2,130,373
Business - Type Activities Capital Assets, Net	$2,208,019	($35,391)	$0	$2,172,628

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. The County contracts with County Risk Sharing Authority, Inc. (CORSA) to address liability, auto, and crime insurance coverage. CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage is as follows:

General Liability	$1,000,000 each occurrence
Law Enforcement Liability	$1,000,000 each occurrence
Automobile Liability	$1,000,000 each occurrence
Errors and Omissions Liability	$1,000,000 each occurrence
	$1,000,000 annual aggregate
Excess Liability	$3,000,000 each occurrence
	$3,000,000 annual aggregate
Ohio Stop Gap Employers' Liability	$1,000,000 each occurrence
Employee Benefits Liability	$1,000,000 each occurrence
Cyber Liability	$1,000,000 each occurrence
	$1,000,000 annual aggregate
Medical and Professional Liability	$3,000,000
Property Damage Liability	$53,215,536
Equipment Breakdown	$100,000,000
Contingent Business Interruption	$100,000 each occurrence
Crime	$1,000,000

Gross Earnings/Extra Expense	$2,500,000 each occurrence
Uninsured/Underinsured Motorists	$250,000
Attorney Disciplinary Proceedings	$25,000 each occurrence
	$25,000 annual aggregate
Declaratory, Injunctive or Equitable Relief	$25,000 each occurrence
	$25,000 annual aggregate
EDP Media/Extra Expense	$575,000
Law Enforcement Canines	$75,000
Unmanned Aerial Vehicles	$8,828

The deductible on the above coverage for each occurrence is $2,500.

Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

The County participates in the workers' compensation program provided by the State of Ohio. For 2015, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (see Note 19). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating counties can either receive a premium refund or assessment. Employers will pay experience - or base rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium us higher, an assessment will be charged to each participant.

Participation in the Program is limited to counties that can meet the Program's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Program. Each year, the County pays an enrollment fee to the Program to cover the costs of administering the Program.

The County may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

The County pays all elected official bonds by state statute.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was $936,246 for 2015. Of this amount, $122,802 is reported as an intergovernmental payable.

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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

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

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

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

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

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

The County's contractually required contribution to STRS was $20,026 for 2015. Of this amount, $1,024 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the net pension liability for STRS was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0596930%	0.00130236%	
Proportion of the Net Pension Liability Current Measurement Date	0.0596930%	0.00134968%	
Change in Proportionate Share	0.0000000%	0.00004732%	
Proportionate Share of the Net Pension Liability	$7,199,643	$373,012	$7,572,655
Pension Expense	$784,837	$19,668	$804,505

At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$384,151	$3,050	$387,201
Change in proportionate share	0	10,824	10,824
County contributions subsequent to the measurement date	936,246	9,884	946,130
Total Deferred Outflows of Resources	$1,320,397	$23,758	$1,344,155
Deferred Inflows of Resources			
Differences between expected and actual experience	$126,483	$12,873	$139,356

$946,130 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	STRS	Total
Year Ending December 31,			
2016	$37,678	($3,348)	$34,330
2017	37,678	(3,348)	34,330
2018	86,275	(3,348)	82,927
2019	96,037	11,045	107,082
Total	$257,668	$1,001	$258,669

Actuarial Assumptions - OPERS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability	$13,245,280	$7,199,643	$2,107,760

Actuarial Assumptions - STRS
The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences 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 no set back from age 90 and above.

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

STRS' investment consultant develops best estimates for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$518,142	$373,012	$250,283

NOTE 12 - POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains two cost sharing multiple-employer defined benefit post-employment health care trusts which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements to qualifying benefit recipients of both the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local government employers contributed at a rate of 14 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was $151,609, $142,017, and $78,206, respectively. For 2015, 81 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

B. State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing, multiple employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio Law authorizes STRS Ohio to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.
Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS Ohio did not allocate any employer contributions to postemployment health care. For the fiscal years ended June 30, 2014 and 2013, one percent of covered payroll was allocated to postemployment health care. The County's contributions for health care for the years ended December 31, 2015, 2014, and 2013 were $0, $1,331, and $5,989, respectively. The full amount has been contributed for 2015, 2014, and 2013.

NOTE 13 - OTHER EMPLOYEE BENEFITS

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending on length of service. Vacation accumulation is limited to three years. All accumulated, unused vacation time is paid to eligible employees upon termination of employment.

Employees earn sick leave at the rate of 1.25 days per month of service and unused sick leave may be accumulated without limit. Upon retirement or death, an employee can be paid twenty-five percent of accumulated, unused sick leave up to a maximum of 30 days.

NOTE 14 - CAPITAL LEASES-LESSEE DISCLOSURE

Vehicles and road equipment acquired by lease have been capitalized in government-wide statements governmental activities in the amount of $166,521, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements as part of governmental activities. Each lease meets the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

These governmental activities capitalized leased assets are reflected net of accumulated depreciation in the amount of $72,769 at December 31, 2015. There were principal payments towards these leases of $43,405. These leases are being repaid by the General Fund and the Developmental Disabilities and Maintenance Special Revenue Funds.

Future minimum lease payments through 2019 for governmental activities are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	$20,032	$854	$20,886
2017	2,513	298	2,811
2018	2,649	162	2,811
2019	1,608	28	1,636
Total	$26,802	$1,342	$28,144

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during 2015 consist of the following:

	Outstanding 12/31//2014	Additions	Deletions	Outstanding 12/31//2015	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
1998 4.75% Senior Center - $488,000	$149,927	$0	$149,927	$0	$0
Municipal Lease Loan	219,375	0	58,953	160,422	60,672
Capital Lease	70,207	0	43,405	26,802	20,032
Net Pension Liability:					
OPERS	5,559,251	128,466	0	5,687,717	0
STRS	316,779	56,233	0	373,012	0
Total Net Pension Liability	5,876,030	184,699	0	6,060,729	0
Compensated Absences	408,710	323,137	225,173	506,674	181,901
Total Governmental Activities	6,724,249	507,836	477,458	6,754,627	262,605
Business-Type Activities:					
General Obligation Bonds:					
1995 Care Center Improvement Bonds - $425,000 - 5.95%	40,000	0	40,000	0	0
2002 Care Center Improvement Term Bonds - 795,000 - 5.15%	265,000	0	30,000	235,000	30,000
Bond Discount	(6,963)	0	(884)	(6,079)	0
2009 County Care Center Serial Bonds - 710,000 - Variable Interest Rate	380,000	0	70,000	310,000	75,000
Bond Premium	59,205	0	3,947	55,258	0
2009 County Care Center Term Bonds - $1,040,000 - Variable Interest Rate	1,040,000	0	0	1,040,000	0
Total General Obligation Bonds	1,777,242	0	143,063	1,634,179	105,000
Net Pension Liability - OPERS	1,477,776	34,150	0	1,511,926	0
Compensated Absences	70,934	80,748	81,139	70,543	70,543
Total Business-Type Activities	3,325,952	114,898	224,202	3,216,648	175,543
Total Long-Term Obligations	$10,050,201	$622,734	$701,660	$9,971,275	$438,148

Governmental Activities

General Obligation Bonds
During 1998, the County issued $488,000 in general obligation bonds that are direct obligations of the County for which its full faith and credit are pledged for repayment and will be repaid from the Debt Service Fund. These bonds were issued for the construction of a senior citizens facility. The final maturity date of the Senior Center Bonds was December 1, 2022, however, during 2015, these bonds were called and the County retired these bonds early.

Municipal Lease Loan
During 2013, a revenue anticipation loan was issued for the purchase of 2 ambulances and will be repaid from the E-Squad Special Revenue Fund. The year of final maturity of the loan is 2018. It is backed by the full faith and credit of the County. Principal and interest payments to maturity for this loan are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	$60,672	$3,859	$64,531
2017	62,467	2,065	64,532
2018	37,283	360	37,643
Total	$160,422	$6,284	$166,706

Capital Lease
The County has entered into capital leases for a copier and vehicles. These leases will be repaid through the General Fund and the Developmental Disabilities Special Revenue Funds.

Net Pension Liability
The County pays obligations related to employee compensation from the fund benefitting from their service. See Note 11 for additional information relating to the net pension liability.

Compensated Absences
The County will pay compensated absences from the General Fund and the Public Assistance, Maintenance, Real Estate Assessment, Dog and Kennel, Child Support Enforcement Agency, Monroe County Public Transportation, Emergency Management, Community Corrections, and Developmental Disabilities Special Revenue Funds.

Business-Type Activities

General Obligation Bonds
The 1995 and 2002 Care Center Improvement General Obligation Bonds were issued to provide funding for various repairs and improvements to the Care Center. These bonds will be paid from revenues derived from the operation of the Care Center. The 2002 bonds were sold at a discount that will be amortized over the life of the bonds using the straight-line method. The amount amortized during 2015 was $884 leaving an unamortized balance at December 31, 2015 of $6,079.

On November 12, 2009, the County issued $1,750,000 in various interest rate general obligation bonds. The proceeds of these bonds were used to renovate the existing County Care Center. The bonds were sold at a premium of $78,947 that will be amortized over the life of the bonds using the straight-line method. The amount amortized for 2015 was $3,947 leaving an unamortized balance at December 31, 2015 of $55,258. These bonds are backed by the full faith and credit of the County and will be repaid from the Care Center Enterprise Fund revenues.

General Obligation Bond debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	$105,000	$82,240	$187,240
2017	105,000	78,332	183,332
2018	115,000	74,237	189,237
2019	115,000	69,435	184,435
2020	115,000	64,433	179,433
2021-2025	545,000	232,283	777,283
2026-2029	485,000	74,700	559,700
Total	$1,585,000	$675,660	$2,260,660

The term bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2020	$80,000
2021	$85,000
2022	$90,000
2023	$95,000
Total	$350,000

The remaining principal amount of such term bonds ($100,000) will be paid at maturity on December 1, 2024.

The term bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	$105,000
2026	$110,000
2027	$120,000
2028	$125,000
Total	$460,000

The remaining principal amount of such term bonds ($130,000) will be paid at maturity on December 1, 2024.

Net Pension Liability

The County pays obligations related to employee compensation from the fund benefitting from their service. See Note 11 for additional information relating to the net pension liability.

Compensated Absences

The County will pay compensated absences from the Care Center Enterprise Fund.

The County's overall legal debt margin at December 31, 2015 was $6,845,819.

NOTE 16 - INTERNAL BALANCES

Interfund balances at December 31, 2015 consist of the following individual fund receivables and payables:

	Interfund Receivable			
	Major Funds			
Interfund Payable	General	Public Assistance	Other Nonmajor Governmental	Total
Major Funds				
General Fund	$0	$941	$14,929	$15,870
Public Assistance	44,180	0	14,328	58,508
Maintenance	153,181	0	0	153,181
Other Nonmajor Governmental	50,520	48,219	8,000	106,739
Care Center	570,031	0	0	570,031
Total All Funds	$817,912	$49,160	$37,257	$904,329

The above interfund receivables/payables are due to time lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. In addition, a portion of the interfund balances are the result of short-term loans. All amounts are expected to be repaid within one year, with the exception of the loan from the General Fund to the Care Center Fund. Management currently has a repayment plan in place.

Interfund transfers during 2015 consisted of the following:

	Transfer To			
	Major Fund			
Transfer from	Maintenance	Other Nonmajor Governmental	Care Center	Totals
Major Funds:				
General Fund	$125,000	$333,412	$2,500	$460,912
Maintenance	0	197,060	0	197,060
Total All Funds	$125,000	$530,472	$2,500	$657,972

Transfers were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Buckeye Hills-Hocking Valley Regional Development District (District) - The District serves as the Area Agency on Aging for Monroe, Athens, Hocking, Meigs, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors. The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

The District administers County Community Development Block Grant and Issue II monies. During 2015, the County contributed $1,964 to the District. The District has no outstanding debt.

B. Joint Solid Waste District (District) - The County is a member of the District, which is a jointly governed organization. The District provides for management strategies and local government funding on behalf of the participating counties regarding contractual arrangements with private solid waste disposal facilities, which would assure continued access to adequate disposal capacity for the District. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were received from the County during 2015.

C. Guernsey-Monroe-Noble Community Action Corporation (GMN) - The GMN is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems to help eliminate conditions of poverty within Guernsey, Monroe, and Noble counties. The GMN is governed by a fifteen-member Board of Directors which consists of three Commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

GMN received federal and state funding which is applied for and received by, and in the name of, the Board of Directors.

During 2015, the County contracted with GMN to provide senior citizens services. Through this contract, the County is acting as fiscal agent for the collection and settlement of the senior citizens levy. The County is also annually paying all of the cost of the general obligation bonds used to build the senior citizen center.

D. Belmont, Harrison, and Monroe Counties Cluster (Cluster) - Belmont, Harrison, and Monroe Counties Cluster provide services to multi-need youth in Belmont, Harrison, and Monroe Counties. Members of the Cluster include the Belmont, Harrison, and Monroe Counties Alcohol, Drug Addiction, and Mental Health Services Board, the Children Services Board, the Belmont, Harrison, Monroe Drug and Alcohol Councils, student services, Belmont-Harrison Juvenile District, the superintendent of public instruction, and the directors of youth services, human services, and mental retardation and developmental disabilities. The Cluster is controlled by an advisory committee which consists of a representative from each agency.

The advisory committee exercise total control of the operation of the Cluster including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Advisory Committee. In 2015, the County contributed no money to the Cluster.

E. Mental Health Recovery Board (Board) - The Board is responsible for delivery of comprehensive mental heath and substance abuse services in Belmont, Harrison, and Monroe Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services. The Board is managed by eighteen members, six appointed by Commissioners of Belmont County, two each by Commissioners of Harrison and Monroe Counties and are proportionate to population, four by Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. The Board exercises total control of the budgeting, appropriation, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The County's 2015 contribution to the Board was $6,000.

F. South Eastern Narcotics Team (SENT) - SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio, which the participating entities must match at 25 percent. SENT is comprised of 32 members. The participating counties and cities exercise total control over the operations of the SENT including budgeting, appropriating, contracting, and designating management. Each county's degree of control is limited to its representation on the Board. The County did not make any contributions to SENT in 2015.

G. Monroe County Family and Children First Council - The Monroe County Family and Children First Council is a jointly governed organization created under the Ohio Revised Code Section 121.37. The Council is comprised of the following members: Superintendent of Monroe Board of MR/DD, a designee from the Monroe County Health Department, Director of Monroe County Department of Job and Family Services, Superintendent of Switzerland of Ohio Local School District, Monroe County Commissioner, Mayor of the Village of Woodsfield, a representative from Ohio Department of Youth Services, a designee from the Mental Health and Recovery Board, Executive Director of GMN Tri-County CAC, a representative from GMN Tri-County, and three parent representatives. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. In 2015, the County made no contributions to the Council.

H. Buckeye Hills Resource Conservation and Development Council (RC&D) - RC&D is a 501 (c) (3) non-profit entity, serving a nine county region in southeastern Ohio including Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Council was created to identify and solve problems in rural communities including human, economic, natural resources and environmental issues. The RC&D is sponsored by the Boards of County Commissioners and the Soil and Water Conservation Districts in the nine counties, along with the Muskingum Watershed Conservancy District and the Rush Creek Conservancy District. The governing body of RC&D is the Executive Council, made up of 29 members that include three representatives from each county and one representative from each conservancy district.

The Executive Council exercises total control over the operations of RC&D including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Executive Council. The County contributed $400 to the RC&D in 2015.

I. Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves seventeen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is governed by a Council made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and state grants. The Board exercises total control over the operations of the MEORC including budgeting, contracting, appropriating, and designating management. Each participant's degree of control is limited to its representation on the Board. The County did not contribute financially to MEORC during 2015.

J. Ohio Valley Employment Resource - The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Monroe, Noble, Morgan, and Washington Counties serve on the governing board. The Ohio Valley Employment Resource was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of the Ohio Valley Employment Resource is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.

K. Oakview Juvenile Residential Center - The Oakview Juvenile Residential Center is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble Counties. The Center was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by Oakview Juvenile Residential Center. The participating entities created a Judicial Rehabilitation Board the members of which are made-up of the juvenile judges of each participating county. The Board exercises total control of the budgeting, appropriating, contracting, and designating management. Each County's degree of control is limited to its representation on the Board.

NOTE 18 - RELATED ORGANIZATIONS

A. Monroe County District Public Library (Library) – The Library is statutorily created as a distinct political subdivision of the State of Ohio governed by a Board of Trustees consisting of seven members. The Monroe County Commissioners appoint four members, and the judges of the Monroe County Court of Common Pleas appoint three members. The County made no contributions to the Library during the year. The Board of Trustees possesses its own contracting and budgeting authority, hires personnel, and does not depend on the County for operational subsidies. Although the County does serve as taxing authority of the Library, this is strictly a ministerial function. The County cannot influence the Library's operation nor does the Library represent a potential financial benefit for, or a burden on, the County. Once the Board of Trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree. The Library currently has no outstanding debt.

B. Monroe County Community Improvement Corporation (CIC) – The CIC is a non-profit organization that was created under Ohio Revised Code Section 1724.04. Two-fifths of the governing board shall be mayors, county commissioners, or appointed or elected public officials. The remaining three-fifths of the sixteen member Board of Directors is comprised of volunteers. The CIC administers the County's Revolving Loan Fund (RLF), established with Community Development Block Grant Funds. The RLF is used to make loans to small businesses for the purchase of buildings, machinery, and equipment as well as working capital. The County cannot influence the CIC's operation nor does the CIC represent a potential financial benefit for, or burden on, the County.

C. Monroe County Emergency Medical Service (EMS) – The EMS is a non-profit organization created under Ohio Revised Code Section 1702. The governing officers consist of a president, vice-president, secretary, and twelve trustees – two from each squad. The EMS furnishes emergency services to Monroe County and to such other political subdivisions that sign and have contracts with the Monroe County Commissioners. The EMS is to conduct an educational course or courses in emergency victim care and rescue to all members and coordinates with existing organizations for planning further education between various emergency rescue services. The County cannot influence the EMS's operation nor does the EMS represent a potential financial benefit for, or burden on, the County.

NOTE 19 - PUBLIC ENTITY POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among sixty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. 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.

The County does not have an equity interest in or a financial responsibility for CORSA. The County's payment for insurance to CORSA in 2015 was $147,903.

B. County Commissioners Association of Ohio (CCAO) Workers' Compensation Group Retrospective Rating Program

The County Commissioners Association of Ohio (CCAO) Workers Compensation Group Retrospective Rating Program (Program) is a shared risk pool among fifteen counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of nine members as follows: the president of the CCAO, treasurer of the CCAO, and seven representatives elected from the participating counties.

CCAO, a Bureau of Workers' Compensation (BWC)-certified sponsor, established the Program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). CCAO created a group of counties that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) that will assist CCAO staff in the day-to-day management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each participating county to CCAO in proportion to its payroll to the total payroll of the group.

The County's premium payments to BWC were $140,316 and the payment to CCAO for administrative and membership fees was $5,528.

NOTE 20 - RELATED PARTY TRANSACTIONS

Monroe Adult Crafts Organization (MACO), an immaterial component unit of Monroe County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as in-kind contributions and expenses at cost or fair market value, as applicable, in MACO's basic financial statements.

NOTE 21 - FOOD ASSISTANCE

The County's Department of Job and Family Services (Welfare) distributes, through contracting issuance centers, federal food assistance to entitled recipients within Monroe County. The receipt and issuance of the assistance have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of this assistance is not reflected in the accompanying financial statements, as the only economic interest related to this assistance rests with the ultimate recipient.

NOTE 22 - CONTINGENT LIABILITIES

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

Claims and lawsuits are pending against the County. Based upon information provided by the County's legal counsel, any potential liability and effect on the financial statements, if any, is not determinable at this time.

NOTE 23 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2015, the County implemented the 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". GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-Type Activities
Net Position December 31, 2014	$41,701,705	$416,463
Adjustments:		
Net Pension Liability	(5,876,030)	(1,477,776)
Deferred Outflows	3,050	0
Deferred Outflows - Payments Subsequent to Measurement Date	704,961	184,777
Deferred Inflows	(58,605)	0
Restated Net Position December 31, 2014	$36,475,081	($876,536)

	Care Center
Net Position December 31, 2014	$416,463
Adjustments:	
Net Pension Liability	(1,477,776)
Deferred Outflows - Payments Subsequent to Measurement Date	184,777
Restated Net Position December 31, 2014	($876,536)

The County restated for employer contributions subsequent to the measurement date. The County also restated for its proportionate share of the collective deferred outflows/inflows provided by STRS as the collective balances had been determined by STRS for the prior year. The County made no restatement for deferred outflows/inflows of resources related to OPERS as the information needed to generate these restatements was not available.

Monroe County, Ohio
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Two Years (1)

	2014	2013
County's Proportion of the Net Pension Liability	0.0596930%	0.0596930%
County's Proportionate Share of the Net Pension Liability	$7,199,643	$7,037,027
County's Covered-Employee Payroll	$7,081,122	$6,848,129
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	101.67%	102.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the County's measurement date which is the prior year end.

Monroe County, Ohio
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2015	2014	2013
County's Proportion of the Net Pension Liability	0.00134968%	0.00130236%	0.00130236%
County's Proportionate Share of the Net Pension Liability	$373,012	$316,779	$377,344
County's Covered-Employee Payroll	$140,814	$143,300	$131,238
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	264.90%	221.06%	287.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented for each fiscal year were determined as of June 30th

Monroe County, Ohio
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	2015	2014	2013
Contractually Required Contribution	$936,246	$879,889	$916,299
Contributions in Relation to the Contractually Required Contribution	(936,246)	(879,889)	(916,299)
Contribution Deficiency (Excess)	$0	$0	$0
County Covered-Employee Payroll	$7,504,854	$7,081,122	$6,848,129
Contributions as a Percentage of Covered-Employee Payroll	12.48%	12.43%	13.38%

(1) Information prior to 2013 is not available.

Monroe County, Ohio
Required Supplementary Information
Schedule of County Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2015	2014	2013	2012
Contractually Required Contribution	$20,026	$18,629	$77,860	$67,745
Contributions in Relation to the Contractually Required Contribution	(20,026)	(18,629)	(77,860)	(67,745)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered-Employee Payroll	$143,043	$137,888	$598,923	$521,115
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.51%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
$63,514	$60,535	$61,540	$36,604	$34,073	$24,290
(63,514)	(60,535)	(61,540)	(36,604)	(34,073)	(24,290)
$0	$0	$0	$0	$0	$0
$488,569	$465,654	$473,385	$281,569	$262,100	$186,846
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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MONROE COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Pass-Through Entity Indentifying Number	Passed Through To Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education		`		
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2015/2016	$0	$447
Cash Assistance:				
School Breakfast Program	10.553	2015/2016	0	98
National School Lunch Program	10.555	2015/2016	0	4,112
Cash Assistance Total			0	4,210
Total Child Nutrition Cluster			0	4,657
Passed through Ohio Department of Jobs and Family Services				
Supplemental Nutrition Assistance Program:				
State Administrative Matching Grants	10.561	G-1516-11-5401	0	122,657
Total U.S. Department of Agriculture			0	127,314
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through Ohio Department of Development				
Community Development Block Grants-State's Program:	14.228			
Community Development Program		B-F-14-1BZ-1	0	159,697
Community Housing Improvement Program				
Community Housing Improvement Program		B-C-13-1BZ-1	0	16,025
Revolving Loan Program		N/A	0	149,666
Total Community Development Block Grant-State's Program			0	325,388
Home Investment Partnerships Program:				
Community Housing Impact and Preservation Program	14.239	B-C-13-1BZ-2	0	121,086
Total U.S. Department of Housing and Urban Development			0	446,474
U.S. DEPARTMENT OF LABOR				
Passed Through Ohio Valley Employment Resource (Workforce Investment Act Area 15)				
Employment Services/Wagner-Peyser Funded Activities	17.207	N/A	0	1,856
Workforce Investment Act (WIA) Cluster:				
WIA Adult Program	17.258	N/A	0	51,853
WIA Youth Activities	17.259	N/A	0	55,528
WIA Dislocated Workers Formula Grants	17.278	N/A	0	184,433
Total WIA Cluster			0	291,814
WIA National Emergency Grants	17.277	N/A	0	5,995
Total U.S. Department of Labor			0	299,665

MONROE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Pass-Through Entity Indentifying Number	Passed Through To Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Formula Grants for Rural Areas	20.509	RPTF-4112-034-141	$0	$6,827
		112-RPTF-15-0100	0	195,169
Total Formula Grants for Rural Areas			0	201,996
Passed Through Ohio Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety:	20.600			
Selective Traffic Enforcement Program		STEP-2015-56-00-00-00520-00	0	6,624
		STEP-2016-56-00-00-00490-00	0	1,740
Total State and Community Highway Safety			0	8,364
National Priority Safety Programs:	20.616			
Impaired Driving Enforcement Program		IDEP-2106-56-00-00-00412-00	0	5,802
		IDEP-2106-56-00-00-00366-00	0	2,109
Total National Priority Safety Programs			0	7,911
Total Highway Safety Cluster			0	16,275
Total U.S. Department of Transportation			0	218,271
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	066142-6BSF-2015	0	15,169
		066142-6BSF-2016	0	8,264
Total Special Education - Grants to States (IDEA, Part B)			0	23,433
Total U.S. Department of Education			0	23,433
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through Ohio Secretary of State				
Help America Vote Act Requirements Payments	90.401			
Pollworker 56		06-SOS-HHS-56	0	745
Total U.S. Election Assistance Commission			0	745
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Secretary of State				
Voting Access for Individuals with Disabilities - Grants to States	93.617			
Monroe PWTI		06-SOS-HHS-56	0	80
Total Voting Access for Individuals with Disabilities - Grants to States			0	80
Passed Through Ohio Department of Mental Health and Addiction Services				
Promoting Safe and Stable Families	93.556	99-405-15-100-22-056	0	17,034
		99-405-16-100-22-056	0	2,307
Total Promoting Safe and Stable Families			0	19,341

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Pass-Through Entity Indentifying Number	Passed Through To Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	N/A	$0	$14,275
Passed through Ohio Department of Jobs and Family Services				
Promoting Safe and Stable Families	93.556	G-1516-11-5401	0	7,798
Temporary Assistance for Needy Families (TANF)	93.558	G-1516-11-5401	305,704	735,717
Child Support Enforcement	93.563	G-1516-11-5401	0	121,214
Child Care and Development Block Grant	93.575	G-1516-11-5401	0	12,183
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1516-11-5401	0	13,118
Foster Care-Title IV-E:				
Foster Care Title IV-E Administration	93.658	G-1516-11-5401	0	13,198
Foster Care Title IV-E		G-1415--06-0218	0	28,605
Foster Care Title IV-E		G-1617-06-0369	0	22,184
Total Foster Care Title IV-E			0	63,987
Adoption Assistance Administration	93.659	G-1516-11-5401	0	32,201
Social Services Block Grant	93.667	G-1516-11-5401	23,808	175,910
Medical Assistance Program	93.778	G-1516-11-5401	124,499	311,549
Total U.S. Department of Health and Human Services			454,011	1,507,373
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Ohio Emergency Management Agency				
Emergency Management Performance Grants:				
FY14 Emergency Management Performance Grants	97.042	EMW-2014-EP-00064	0	16,580
FY15 Emergency Management Performance Grants		EMW-2015-EP-00034-S01	0	18,018
Total Emergency Management Performance Grants			0	34,598
Total U.S. Department of Homeland Security			0	34,598
Total Expenditures of Federal Awards			**$454,011**	**$2,657,873**

The Notes to the Schedule of Expenditures of Federal Awards is an integral part of the Schedule.

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 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 Monroe County (the County) 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 assets, 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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or 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 – SUBRECIPIENTS

The County passes certain federal awards received from U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note B describes the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D – CHILD NUTRITION CLUSTER

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE F – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITH 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. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

NOTE F – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS (Continued)

These loans are collateralized by mortgages on the property and/or by equipment located at various businesses.

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

Beginning loans receivable balance as of January 1, 2015	$48,425
Loans made	0
Loan principal repaid	(11,823)
Ending loans receivable balance as of December 31, 2015	$36,602
Cash balance on hand in the revolving loan fund as of December 31, 2015	$112,660
Administrative costs expended during 2015	404

NOTE G – 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.

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

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe 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 12, 2016, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2016

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

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Monroe 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 the 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.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 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 compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2016

MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR Part 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • CFDA #17.258, 17.259 and 17.278 - Workforce Investment Act (WIA) Cluster • CFDA #93.558 - Temporary Assistance for Needy Families (TANF) • CFDA #93.778 - Medical Assistance Program	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR Part 200.520?**	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

MONROE COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2014-001	Noncompliance and Material Weakness – Excessive cash balances maintained in the WIA National Emergency Grant funds as drawdowns were not expended within the required 10 days.	Corrected	N/A

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 22, 2016

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