FAIRFIELD, HOCKING, LICKING AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

Dave Yost • Auditor of State

FAIRFIELD, HOCKING, LICKING AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

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INDEPENDENT AUDITOR'S REPORT

Fairfield, Hocking, Licking and Perry
Multi-County Juvenile Detention District
Fairfield County
923 Liberty Center Drive
Lancaster, Ohio 43130

To the Board of Commissioners

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District, Fairfield County, Ohio (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District'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 District'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District, Fairfield County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2017, on our consideration of the District'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 District's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

July 12, 2017

This discussion and analysis of Fairfield, Hocking, Licking, and Perry Multi-County Detention District (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2015, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2015 were as follows:

> Net position of governmental activities increased by $13,651 or approximately 0.9 percent as compared to 2014. The primary reasons for the increase in cash balances was due to reliance on carryover cash to meet the increase in disbursements and decrease in program receipts and general receipts.
>
> The District's general receipts are primarily member county contributions and other miscellaneous revenue. These receipts represent approximately 68.4 percent of the total cash received for governmental activities during the year. Member county contributions decreased by $15,175 compared to 2014 to fund the operations of the facility.

Using the Basic Financial Statements

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

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present the District's two funds in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

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

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during 2015, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Within the limitations of the cash basis of accounting, these changes are one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, other non-financial factors should be considered as well, including the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net position and the statement of activities present governmental activities, which includes all the District's services. State grants and tuition receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them. The District has no business-type activities.

Reporting the District's Funds

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its many activities. This helps demonstrate that money that is restricted as to how it may be used, is being spent for the intended purpose. All of the District's funds are governmental.

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District has two funds which are both presented as majors, the General Fund and the Capital Expense Fund.

Because the District reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

The District as a Whole

Table 1 provides a summary of the District's net position for 2015 compared to 2014 on a cash basis:

(Table 1)

Net Position

	Governmental Activities	
	2015	2014
Assets		
Cash	$ 1,583,998	$ 1,570,347
Total Assets	1,583,998	1,570,347
Net Position		
Restricted for:		
Capital Projects	739,435	450,680
Other Purposes	9,192	2,487
Unrestricted	835,371	1,117,180
Total Net Position	$ 1,583,998	$ 1,570,347

As mentioned previously, net position of governmental activities increased $13,651 or approximately 0.9 percent during 2015. The primary reasons for the increase in cash balances was due to reliance on carryover cash to meet the increase in disbursements and decrease in program receipts and general receipts. The majority of the increase in disbursements was in personal services of $21,352, fringe benefits of $58,760, and contractual services of $47,370 which was offset by a decrease in capital outlay of $77,741. Member county contributions decreased by $15,175 compared to 2014 to fund the operations of the facility while charges for services decreased by $55,333 from 2014.

Table 2 reflects the changes in net position in 2015 and 2014.

(Table 2)
Changes in Net Position

	Governmental Activities	
	2015	2014
Receipts:		
Program Receipts:		
Charges for Services and Sales	$ 703,511	$ 758,844
Operating Grants and Contributions	227,275	253,674
Total Program Receipts	930,786	1,012,518
General Receipts:		
Member County Contributions	2,015,119	2,030,294
Miscellaneous	1,526	12,616
Total General Receipts	2,016,645	2,042,910
Total Receipts	2,947,431	3,055,428
Disbursements:		
General Government:		
Personal Services	1,609,900	1,588,548
Fringe Benefits	679,499	620,739
Materials and Supplies	180,951	176,222
Contractual Services	398,290	350,920
Total General Government	2,868,640	2,736,429
Capital Outlay	65,140	142,881
Total Disbursements	2,933,780	2,879,310
Increase in Net Position	13,651	176,118
Net Position Beginning of Year	1,570,347	1,394,229
Net Position End of Year	$1,583,998	$1,570,347

In 2015, program receipts represent approximately 31.6 percent of total receipts and are primarily comprised of charges for services, including tuition reimbursements and rental income, and intergovernmental revenue.

General receipts represent 68.4 percent for 2015 of the District's total receipts, and of this amount, over 99 percent are member county contributions. Miscellaneous receipts are usually minimal and vary each year.

Disbursements for General Government represent the overhead costs of running the District and the support services provided for the other Governmental activities. For 2015, General Government disbursements represented 97.8 percent of total disbursements and are comprised of employee wages and benefits, materials and supplies, and contractual services.

Governmental Activities

The first column on the Statement of Activities for 2015 on page 8, lists the major disbursement categories of the District. The next column identifies the amount of these disbursements. In 2015, the major program disbursements for governmental activities were General Government, which accounted for 97.8 percent of all disbursements. The next two columns entitled Program Receipts identify amounts paid by people who are directly charged for the service, and grants and contributions received by the District that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by member county contributions. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2015	Net Cost of Services 2015	Total Cost Of Services 2014	Net Cost of Services 2014
General Government:				
Personal Services	$1,609,900	$1,099,135	$1,588,548	$1,029,930
Fringe Benefits	679,499	463,917	620,739	402,454
Materials and Supplies	180,951	123,542	176,222	114,253
Contractual Services	398,290	271,926	350,920	227,518
Capital Outlay	65,140	44,474	142,881	92,637
Total Expenses	$2,933,780	$2,002,994	$2,879,310	$1,866,792

In 2015, approximately 31.7 of disbursements were supported by program receipts. The remaining 68.3 of governmental activities were supported by member county contributions and fund balance.

The District's Funds

In 2015, total governmental funds had receipts of $2,947,431 and disbursements of $2,933,780. The fund balance of the General Fund decreased from 2014 by $275,104 primarily as result of the decreases in charges for services, intergovernmental receipts, member county contributions, and rent which were offset by increases in personal services, fringe benefits, contractual services, and transfers out. The fund balance of the Capital Expense fund increased from 2014 by $288,755 primarily due to increase in transfers in which and a decrease in capital outlay expenditures.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law which requires the District estimate receipts, approve appropriations, and encumber funds. The most significant budgeted fund is the General Fund.

The District amended budgeted appropriations during 2015. Actual receipts of $2,917,027 were $35,309 less than anticipated primarily due to decreases in member county contributions and intergovernmental which were offset by increases in charges for services and rent. Actual disbursements of $2,991,224 were $129,965 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The District does not currently report its capital assets and infrastructure.

Debt

At December 31, 2015, the District had no outstanding debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Dana Moore, Superintendent, 923 Liberty Center Drive, Lancaster, Ohio 43130.

FAIRFIELD, HOCKING, LICKING, AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities
Assets	
Cash	$1,583,998
Total Assets	$1,583,998
Net Position	
Restricted for:	
Capital Projects	739,435
Other Purposes	9,192
Unrestricted	835,371
Total Net Position	$1,583,998

See accompanying notes to the basic financial statements

FAIRFIELD, HOCKING, LICKING, AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

Statement of Activities - Cash Basis
For the Fiscal Year Ended December 31, 2015

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government:				
Personal Services	$1,609,900	$386,049	$124,716	($1,099,135)
Fringe Benefits	679,499	162,942	52,640	(463,917)
Materials and Supplies	180,951	43,391	14,018	(123,542)
Contractual Services	398,290	95,509	30,855	(271,926)
Capital Outlay	65,140	15,620	5,046	(44,474)
Total Governmental Activities	$2,933,780	$703,511	$227,275	(2,002,994)
		General Receipts:		
		Member County Contributions		2,015,119
		Other		1,526
		Total General Receipts		2,016,645
		Change in Net Position		13,651
		Net Position Beginning of Year		1,570,347
		Net Position End of Year		$1,583,998

See accompanying notes to the basic financial statements

FAIRFIELD, HOCKING, LICKING, AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2015

	General	Capital Expense Fund	Total Governmental Funds
Assets			
Cash	$844,563	$739,435	$1,583,998
Total Assets	$844,563	$739,435	$1,583,998
Fund Balances			
Restricted	9,192	-	9,192
Committed	-	739,435	739,435
Assigned	89,901	-	89,901
Unassigned	745,470	-	745,470
Total Fund Balances	$844,563	$739,435	$1,583,998

See accompanying notes to the basic financial statements

FAIRFIELD, HOCKING, LICKING, AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2015

	General	Capital Expense Fund	Total Governmental Funds
Receipts			
Intergovernmental	$227,275	$0	$227,275
Member County Contributions	1,984,715	30,404	2,015,119
Charges for Services	456,281	-	456,281
Rentals	247,230	-	247,230
Other	1,526	-	1,526
Total Receipts	2,917,027	30,404	2,947,431
Disbursements			
Current:			
General Government:			
Personal Services	1,609,900	-	1,609,900
Fringe Benefits	679,499	-	679,499
Materials and Supplies	180,951	-	180,951
Contractual Services	392,290	6,000	398,290
Total General Government	2,862,640	6,000	2,868,640
Capital Outlay	29,491	35,649	65,140
Total Disbursements	2,892,131	41,649	2,933,780
Excess of Receipts Over (Under) Disbursements	24,896	(11,245)	13,651
Other Financing Sources (Uses)			
Transfers In	-	300,000	300,000
Transfers Out	(300,000)	-	(300,000)
Total Other Financing Sources (Uses)	(300,000)	300,000	-
Net Change in Fund Balances	(275,104)	288,755	13,651
Fund Balances Beginning of Year	1,119,667	450,680	1,570,347
Fund Balances End of Year	$844,563	$739,435	$1,583,998

See accompanying notes to the basic financial statements

FAIRFIELD, HOCKING, LICKING, AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	$450,000	$450,000	$456,281	6,281
Member County Contributions	2,059,772	2,026,922	1,984,715	(42,207)
Intergovernmental	243,964	243,964	227,275	(16,689)
Rent	197,100	229,950	247,230	17,280
Other	1,500	1,500	1,526	26
Total Receipts	2,952,336	2,952,336	2,917,027	(35,309)
Disbursements				
Current:				
General Government:				
Personal Services	1,569,548	1,725,622	1,609,900	115,722
Fringe Benefits	706,695	680,871	679,499	1,372
Materials and Supplies	240,458	219,701	216,988	2,713
Contractual Servcies	480,456	458,178	448,657	9,521
Total General Government	2,997,157	3,084,372	2,955,044	129,328
Capital Outlay	39,818	36,817	36,180	637
Total Disbursements	3,036,975	3,121,189	2,991,224	129,965
Excess of Receipts Over (Under) Disbursements	(84,639)	(168,853)	(74,197)	94,656
Other Financing (Uses)				
Transfers Out	-	(300,000)	(300,000)	-
Total Other Financing (Uses)	-	(300,000)	(300,000)	-
Net Change in Fund Balance	(84,639)	(468,853)	(374,197)	94,656
Fund Balance Beginning of Year	1,025,478	1,025,478	1,025,478	-
Prior Year Encumbrances Appropriated	93,732	93,732	93,732	-
Fund Balance End of Year	$1,034,571	$650,357	$745,013	94,656

See accompanying notes to the basic financial statements

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Note 1 - Reporting Entity

The Fairfield, Hocking, Licking, and Perry Multi-County Detention District, Fairfield County, Ohio (the District) was created on September 22, 2000 in accordance with 2151.343 of the Ohio Revised Code. The District is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a joint venture operated by Fairfield, Hocking, Licking, and Perry Counties for the purpose of providing short-term care in a secure facility for juveniles who are accused, pending court action, adjudicated, or awaiting transfer to another facility.

The District is operated by a twelve-member Joint Board of Commissioners and a twelve-member Board of Trustees. The Joint Board of Commissioners consists of all of the Commissioners from the four counties in the District. The Joint Board of Commissioners exercises total control over the operation of the District, including budgeting, appropriation, contracting, and designating management. The Joint Board of Commissioners appoints the Board of Trustees to operate the District.

The District's purpose is to not accumulate significant financial resources or experience fiscal stress that would cause additional financial benefit to, or burden on, the counties involved.

Jointly Governed and Other Related Organization

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The District participates in the County Risk Sharing Authority (CORSA), a public entity risk pool. Note 6 to the basic financial statements provide additional information for this entity.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District. All of the District's activities are considered governmental.

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental activities generally are financed through charges for services, member county contributions, intergovernmental revenues or other non-exchange transactions.

The statement of net position presents the cash balance of the governmental activities of the District at year-end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function/object. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions, restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental object is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

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

B. Fund Accounting

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. All of the District's funds are governmental.

Governmental Funds

The District classifies funds financed primarily from intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. In 2015, the District's major governmental funds are the General Fund and Capital Expense Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in the Capital Expense Fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio. The Capital Expense Fund accounts for member county contributions whose use is restricted to a particular purpose.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and appropriations, 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 District's Joint Board of Commissioners may appropriate.

Appropriations are the Joint Board of Commissioners authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Joint Board of Commissioners. The legal level of control has been established at the fund/function/object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District's Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Joint Board of Commissioners.

Appropriations are 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 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 Joint Board of Commissioners during the year.

E. Cash and Investments

As required by the Ohio Revised Code, the Fairfield County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

F. Capital Assets

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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 District. Those committed amounts cannot be used for any other purpose unless the District 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 District 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 Joint Board of Commissioners. The General Fund assigned amounts represent intended uses established by the Joint Board of Commissioners through resolutions or by State statute. State statue authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

The District 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.

I. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes is for resources restricted for Title I program. Net position for capital outlay include resources restricted for capital projects relating to the detention center facility.

Note 2 - Summary of Significant Accounting Policies (Continued)

I. Net Position (Continued)

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

J. Pensions

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

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as expenditures (budgetary basis) rather than restricted, committed, or assigned fund balance and outstanding year-end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year-end (budgetary basis) for 2015 for the General Fund is $99,093.

Note 4 - Funding

The Joint Board of Commissioners has the responsibility for funding the District in accordance with one of the following methods:

1. In proportion to the number of children from such county who are maintained in the home during the year;
2. By a levy submitted to the Joint Board of Commissioners under Division (A) of Section 5705.19 of the Ohio Revised Code and approved by the electors of the District;
3. In proportion to the taxable property of each county, as shown on the tax duplicate; and
4. In any combination of the above.

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability and property insurance, the District has addressed these various types of risk.

Note 6 – Public Entity Risk Pool

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a 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. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, which will be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. 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'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 members' obligations to make coverage payments to CORSA. The participating members have no responsibility for the payment of the certificates. The District does not have an equity interest in CORSA. The District's payment for insurance to CORSA in 2015 was $23,012.

The CORSA program has a $2,500 deductible which is applicable to all insured coverages, including property, automobile, general liability, and professional liability, except for employee dishonesty/faithful performance which has no deductible. General liability insurance is maintained in the amount of $1,000,000 for each occurrence, $5,000,000 excess liability, and no annual aggregate. Other liability insurance includes $1,000,000 for Ohio Stop Gap, which provides additional coverage beyond the State Workers' Compensation program with $2,000,000 excess liability, $1,000,000 for law enforcement liability with $5,000,000 excess liability, $1,000,000 for errors and omissions liability wrongful acts with $5,000,000 excess liability, $1,000,000 for automobile liability with $5,000,000 excess liability and, $250,000 for uninsured/under insured motorist liability.

Cyber liability coverage was included in the amount of $1,000,000 per cyber occurrence with an annual aggregate of $1,000,000 per member. Coverage does contain some sub limits, which are included in aggregate for $250,000 privacy response expense, $100,000 for claims expenses, and $50,000 for regulatory proceedings and penalties.

Note 7 - Defined Benefit Pension Plans

A. *Net Pension Liability - OPERS*

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

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

The net pension liability represents the District’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 Commission’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – District 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. District 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.

Note 7 - Defined Benefit Pension Plans (Continued)

A. *Net Pension Liability - OPERS (Continued)*

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

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

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.

Note 7 - Defined Benefit Pension Plans (Continued)

A. *Net Pension Liability - OPERS(Continued)*

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

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

	State and Local	
2015 Statutory Maximum Contribution Rates		
Employer	14.0	%
Employee	10.0	%
2015 Actual Contribution Rates		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
Total Employer	14.0	%
Employee	10.0	%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $206,839 for year 2015.

Net Pension Liability

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

	OPERS
Proportionate Share of the Net Pension Liability	$924,967
Proportion of the Net Pension Liability	0.007669%

Note 7 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - OPERS

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

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

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

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

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

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

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

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

Note 7 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – OPERS (Continued)

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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Commission'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%)
District's proportionate share of the net pension liability	$1,701,674	$924,967	$270,792

Note 7 - Defined Benefit Pension Plans (Continued)

B. Net Pension Liability - State Teachers Retirement System (STRS)

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

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

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

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

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District 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.

Note 7 - Defined Benefit Pension Plans (Continued)

B. ***Plan Description - State Teachers Retirement System (STRS) (Continued)***

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

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

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

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

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

Note 7 - Defined Benefit Pension Plans (Continued)

B. ***Plan Description - State Teachers Retirement System (STRS) (Continued)***

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates. The District's contractually required contribution to STRS was $17,060 for fiscal year 2015.

Net Pension Liability

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

		STRS
Proportionate Share of the Net		
Pension Liability		$284,716
Proportion of the Net Pension		0.00117054
Liability		

Actuarial Assumptions - STRS

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

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

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

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

Note 7 - Defined Benefit Pension Plans (Continued)

B. *Actuarial Assumptions – STRS (Continued)*

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District'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 District'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%)
$407,602	$284,716	$180,796

Note 8 – Other Employer Benefits

The District provides health, drug, dental, vision, and Employee Assistance Program (EAP) family and single insurance coverage purchased through the Franklin County Cooperative for all eligible employees. Health is provided by United HealthCare, drug is provided by Catamaran, dental is provided by Aetna, vision is provided by Vision Service Plan, and EAP is provided by United Behavioral Health. The District pays monthly premiums for employees at varying percentages based on employee contracts.

The District provides life insurance and accidental death and dismemberment insurance to most employees through The Standard Insurance Company.

Note 9 – Fund Balances

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

Fund Balances	General	Capital Expense	Total
Restricted for:			
Title I Program	$ 9,192	$ -	$ 9,192
Total Restricted	9,192	-	9,192
Committed to:			
Capital Improvements	-	739,435	739,435
Total Committed	-	739,435	739,435
Assigned to			
Purchases on Order	89,901	-	89,901
Total Assigned	89,901	-	89,901
Unassigned	745,470	-	745,470
Total Fund Balances	$ 844,563	$ 739,435	$ 1,583,998

Note 10 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At fiscal year ended December 31, 2015, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Encumbrances
General	$ 99,093
Capital Expense	34,001
Total	$ 133,094

Note 11 - CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

A lawsuit has been settled and closed that was pending against the District. In the opinion of the District's legal counsel, the amounts paid were well within CORSA's Self Insured Retention of $1,000,000 and did not have a material effect on the District's financial condition.

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

Fairfield, Hocking, Licking and Perry
Multi-County Juvenile Detention District
Fairfield County
923 Liberty Center Drive
Lancaster, Ohio 43130

To the Board of Commissioners

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and each major fund of the Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District, Fairfield County, Ohio (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 12, 2017, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District'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 District'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 District'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.

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www.ohioauditor.gov

Compliance and Other Matters

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

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

July 12, 2017

FAIRFIELD, HOCKING, LICKING AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015

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

FINDING NUMBER 2015-001

Finding for Recovery- Noncompliance

Between January 9, 2015 and October 30, 2015, Curtis Kemp, a Juvenile Detention District Employee, was overcompensated $1 more per hour than the approved pay rate due to an error by the Fiscal Officer, Michelle Brown. The total amount of the overpayment is as follows:

	Breakdown of Hours					
	Regular	Overtime	Holiday	Holiday Overtime	Vacation/ Sick Leave	Amount Overpaid
Total Hours	1,630	58	96	36	188	
Overpayment Rate	$1.00	$1.00	$1.00	$1.00	$1.00	
Rate Multiplier	1.00	1.50	1.00	1.50	1.00	
Total Overpayment	$1,630	$87	$96	$54	$188	$2,055

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Curtis Kemp in the amount of $2,055 in favor of Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten,* 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

The Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District's Fiscal Officer, Michelle Brown, authorized the incorrect pay rate to the District's fiscal agent, resulting in the improper payments. Michelle Brown is jointly and severally liable in the amount of $2,055 in favor of the Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District's General Fund.

Officials' Response:

In late 2015, it was discovered that there was an inadvertent bookkeeping error made with regard to the payroll of Curtis Kemp. After investigating the issue, it appears that this employee received $0.50 per hour more than he should have at times and $1.00 per hour more than he should have at other times in 2015. The bookkeeping error was immediately corrected.

Upon advice of legal counsel, the Multi-County Juvenile Detention Center notified the Chief Auditor of the Southeast Region of Ohio, the Chief Auditor of the Central Region of Ohio, and the Fairfield County Auditor of this error and sought guidance as to whether additional action should be taken. No response was received.

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Officials' Response: (Continued)

On November 9, 2015 MCJDC had a missed call from the office of the Chief Auditor of the Southeast Region. On November 10, 2015 MCJDC returned a call to the office of the Chief Auditor of the Southeast Region and was told that MCJDC had sent our correspondence to the incorrect region and advised MCJDC that they would forward our notification to the correct region, identified as the Chief Auditor of the Central Region. On January 15, 2016 MCJDC notified the Chief Auditor of the Central Region of Ohio of this error and sought guidance as to whether additional action should be taken. No response was received.

The Fairfield County Auditor's Office placed the notification in the employee's file until official guidance was received from the Chief Auditor of the Southeast Region of Ohio and the Chief Auditor of the Central Region of Ohio. The Auditor's office did not receive any response.

AOS Conclusion:

The letter received by the Auditor of State's (AOS) office was a notification of error that the District had discovered and did not request a response from AOS. Therefore, it was determined the matter would be reviewed during the audit for the years ended December 31, 2016 and 2015 which would occur after December 31, 2016. Although the pay rate was corrected in November 2015, prior overpayments were not repaid resulting in the Finding for Recovery.

FAIRFIELD, HOCKING, LICKING AND PERRY
MULTI-COUNTY JUVENILE DETENTION DISTRICT
FAIRFIELD COUNTY

CORRECTIVE ACTION PLAN
DECEMBER 31, 2015

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	In late 2015, it was discovered that there was an inadvertent bookkeeping error made with regard to the payroll of Curtis Kemp. After investigating the issue, it appears that this employee received $0.50 per hour more than he should have at times and $1.00 per hour more than he should have at other times in 2015. The bookkeeping error was immediately corrected.	December 31, 2015	Dana Moore

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Dave Yost • Auditor of State

MULTI- COUNTY JUVENILE DETENTION CENTER

FAIRFIELD 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
AUGUST 24, 2017

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