



Dave Yost • Auditor of State

MONROE COUNTY
TABLE OF CONTENTS

| TITLE | PAGE |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis..... | 5 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 15 |
| Statement of Activities..... | 16 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds..... | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 19 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: | |
| General Fund..... | 20 |
| Public Assistance Fund | 21 |
| Maintenance Fund..... | 22 |
| Developmental Disabilities Fund | 23 |
| Statement of Fund Net Position – Proprietary Fund | 24 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund..... | 25 |
| Statement of Cash Flows – Proprietary Fund..... | 26 |
| Statement of Fiduciary Assets and Liabilities – Agency Funds | 27 |
| Notes to the Basic Financial Statements | 29 |
| Schedule of Federal Awards Expenditures..... | 67 |
| Notes to the Schedule of Federal Awards Expenditures | 70 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 73 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and On Internal Control Over Compliance Required By OMB Circular A-133 | 75 |
| Schedule of Findings – OMB Circular A-133 § .505..... | 79 |
| Schedule of Prior Audit Findings – OMB Circular A-133 § .315 (b)..... | 81 |
| Corrective Action Plan - OMB Circular A -133 § .315 (c) | 82 |

This page intentionally left blank.



Dave Yost • Auditor of State

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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Public Assistance, Maintenance, and Developmental Disabilities Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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*, 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 Federal Awards Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also 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 Statement 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 8, 2015, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015

This page intentionally left blank.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

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, 2014. 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 2014 are as follows:

- The County's total net position increased by \$12,554,485 from the total net position at the beginning of the year 2014.
- At the close of the current year, the assets of the County exceeded its liabilities and deferred inflows of resources by \$42,118,168 (net position). Of this amount, only \$4,545,091 is unrestricted and may be used to meet the County's ongoing obligations.
- The County had \$16,394,610 in expenses related to governmental activities; unusually, the entire amount of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$6,272,831 were additional resources 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 \$9,542,289, an increase of \$1,036,109 from the prior year. Of this amount, \$434,152 is non-spendable, \$5,148,569 is restricted, \$94,183 is committed, \$118,352 is assigned, and \$3,747,033 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 \$3,753,441 which represents 60 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.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

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 2014?" 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, 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.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

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 2014 compared to 2013:

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

Table 1
Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets: | | | | | | |
| Current and Other Assets | \$14,730,008 | \$12,960,904 | \$304,286 | \$286,838 | \$15,034,294 | \$13,247,742 |
| Capital Assets, Net | 30,068,590 | 19,993,955 | 2,208,019 | 2,087,746 | 32,276,609 | 22,081,701 |
| Total Assets | 44,798,598 | 32,954,859 | 2,512,305 | 2,374,584 | 47,310,903 | 35,329,443 |
| Liabilities: | | | | | | |
| Current and Other Liabilities | 866,211 | 959,417 | 247,666 | 330,205 | 1,113,877 | 1,289,622 |
| Long-Term Liabilities | 848,219 | 1,140,721 | 1,848,176 | 1,992,676 | 2,696,395 | 3,133,397 |
| Total Liabilities | 1,714,430 | 2,100,138 | 2,095,842 | 2,322,881 | 3,810,272 | 4,423,019 |
| Deferred Inflows of Resources: | | | | | | |
| Property Taxes not intended to Finance | | | | | | |
| Current Year Operations | 1,382,463 | 1,342,741 | 0 | 0 | 1,382,463 | 1,342,741 |
| Net Position: | | | | | | |
| Net Investment in Capital | | | | | | |
| Assets | 29,629,081 | 19,390,031 | 489,982 | 235,593 | 30,119,063 | 19,625,624 |
| Restricted | 7,454,014 | 6,744,344 | 0 | 0 | 7,454,014 | 6,744,344 |
| Unrestricted (Deficit) | 4,618,610 | 3,377,605 | (73,519) | (183,890) | 4,545,091 | 3,193,715 |
| Total Net Position | \$41,701,705 | \$29,511,980 | \$416,463 | \$51,703 | \$42,118,168 | \$29,563,683 |

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 exceeded liabilities and deferred inflows of resources by \$42,118,168 (\$41,701,705 in governmental activities and \$416,463 in business-type activities) as of December 31, 2014. The change in net position, an increase of \$12,554,485, represents approximately 42 percent increase from the prior year's balance. Capital assets increased in the amount of \$10,194,908 and is mostly attributable to current year governmental activities capital contributions of infrastructure in the amount of \$9,572,344 from companies involved with the local oil and gas industry. These companies are repaving roads and improving bridges as needed upon extensive use by this industry. Liabilities decreased in the amount of \$612,747, more apparent in long-term liabilities, as the County continues to pay off outstanding debt.

By far, the largest portion of the County's net position, \$30,119,063 or 71 percent, reflects its investment in capital assets (e.g., land, 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, \$7,454,014, or 18 percent, represents resources that are subject to restrictions on how they can be used.

The balance of unrestricted net position (11 percent) is to be used to meet the County's ongoing obligations to citizens and creditors.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

Table 2 shows the changes in net position for 2014, compared to the changes in net position for 2013:

Table 2
Change in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------------------|-------------------------|--------------|--------------------------|-------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$3,580,295 | \$2,817,470 | \$3,654,983 | \$3,676,952 | \$7,235,278 | \$6,494,422 |
| Operating Grants, Contributions, and Interest | 8,754,588 | 7,875,869 | 0 | 0 | 8,754,588 | 7,875,869 |
| Capital Grants and Contributions | 9,976,621 | 1,634,445 | 204,000 | 0 | 10,180,621 | 1,634,445 |
| Total Program Revenues | 22,311,504 | 12,327,784 | 3,858,983 | 3,676,952 | 26,170,487 | 16,004,736 |
| General Revenues | | | | | | |
| Property Taxes | 1,927,522 | 1,866,578 | 0 | 0 | 1,927,522 | 1,866,578 |
| Permissive Sales Taxes | 3,121,285 | 2,205,307 | 0 | 0 | 3,121,285 | 2,205,307 |
| Intergovernmental | 598,190 | 633,849 | 0 | 0 | 598,190 | 633,849 |
| Royalty Revenue | 218 | 391,977 | 0 | 0 | 218 | 391,977 |
| Investment Earnings | 118,269 | 133,852 | 0 | 0 | 118,269 | 133,852 |
| Miscellaneous | 507,347 | 501,176 | 88,745 | 4,963 | 596,092 | 506,139 |
| Total General Revenues | 6,272,831 | 5,732,739 | 88,745 | 4,963 | 6,361,576 | 5,737,702 |
| Total Revenues | 28,584,335 | 18,060,523 | 3,947,728 | 3,681,915 | 32,532,063 | 21,742,438 |
| Program Expenses | | | | | | |
| General Government | | | | | | |
| Legislative and Executive | 2,409,624 | 2,185,138 | 0 | 0 | 2,409,624 | 2,185,138 |
| Judicial | 1,094,739 | 871,521 | 0 | 0 | 1,094,739 | 871,521 |
| Public Safety | 2,626,703 | 2,249,939 | 0 | 0 | 2,626,703 | 2,249,939 |
| Public Works | 3,372,891 | 4,337,704 | 0 | 0 | 3,372,891 | 4,337,704 |
| Health | 2,760,195 | 2,581,969 | 0 | 0 | 2,760,195 | 2,581,969 |
| Human Services | 3,690,366 | 3,254,435 | 0 | 0 | 3,690,366 | 3,254,435 |
| Economic Development | 421,376 | 215,447 | 0 | 0 | 421,376 | 215,447 |
| Interest and Fiscal Charges | 18,716 | 18,889 | 0 | 0 | 18,716 | 18,889 |
| Care Center | 0 | 0 | 3,582,968 | 3,880,854 | 3,582,968 | 3,880,854 |
| Total Expenses | 16,394,610 | 15,715,042 | 3,582,968 | 3,880,854 | 19,977,578 | 19,595,896 |
| Change in Net Position | 12,189,725 | 2,345,481 | 364,760 | (198,939) | 12,554,485 | 2,146,542 |
| Net Position Beginning of Year | 29,511,980 | 27,166,499 | 51,703 | 250,642 | 29,563,683 | 27,417,141 |
| Net Position End of Year | \$41,701,705 | \$29,511,980 | \$416,463 | \$51,703 | \$42,118,168 | \$29,563,683 |

Governmental Activities

Total revenues of the governmental activities increased by \$10,523,812 during 2014. The County's direct charges to users of governmental services made up \$3,580,295 or 13 percent of total governmental revenues. 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 increased \$878,719 and represents 31 percent of total revenues for governmental activities. Operating grants, contributions, and restricted interest are normally the largest program revenues, however, for 2014, capital grants and

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited**

contributions reflect an increase from the prior year in the amount of \$8,342,176, and the increase is attributable to non-routine capital contributions of infrastructure as discussed earlier. The major recipients of intergovernmental revenues were the human services, public works, and health programs.

Permissive sales tax revenues account for \$3,121,285 or 11 percent of total governmental revenues, 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 \$1,927,522 or 7 percent of total governmental revenues.

The County's human services programs accounted for \$3,690,366, or 23 percent of total expenses for governmental activities. Other major program expenses for governmental activities include public works programs, which accounted for \$3,372,891 or 21 percent of total expenses, and health programs, which accounted for \$2,760,195 or 17 percent of total expenses. The largest change in expenses occurred in the public works program, a decrease of \$964,813. This decrease results mostly from the cyclical operations of the County's community development block grant activities. In addition, as capital contributions from outside sources increase, as discussed earlier, operating expenses associated with the County engineer's office decreases relatively.

Business-Type Activities

The net position for business-type activities increased \$364,760 during 2014. Capital contributions increased in the amount of \$204,000 due to donations of capital assets from governmental activities. Charges for services were the predominant program revenue, accounting for \$3,654,983 or 93 percent of total business-type revenues. This revenue is derived from residents of the County's care and rehabilitation center.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2014, as compared to 2013. 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 <u>2014</u> | Net Cost (Revenue) of Services <u>2014</u> | Total Cost of Services <u>2013</u> | Net Cost (Revenue) of Services <u>2013</u> |
|-----------------------------|------------------------------------------|--------------------------------------------------|------------------------------------------|--------------------------------------------------|
| General Government | | | | |
| Legislative and Executive | \$2,409,624 | \$444,872 | \$2,185,138 | \$905,848 |
| Judicial | 1,094,739 | 575,924 | 871,521 | 439,921 |
| Public Safety | 2,626,703 | 1,603,375 | 2,249,939 | 1,099,362 |
| Public Works | 3,372,891 | (10,055,549) | 4,337,704 | (719,704) |
| Health | 2,760,195 | 1,522,686 | 2,581,969 | 1,281,314 |
| Human Services | 3,690,366 | 326,861 | 3,254,435 | 251,355 |
| Economic Development | 421,376 | (353,779) | 215,447 | 110,273 |
| Interest and Fiscal Charges | 18,716 | 18,716 | 18,889 | 18,889 |
| Total Expenses | <u>\$16,394,610</u> | <u>(\$5,916,894)</u> | <u>\$15,715,042</u> | <u>\$3,387,258</u> |

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

Charges for services, operating and capital grants, contributions, and interest of \$22,311,504, were received and used to fully fund the governmental activities expenses of the County for 2014. This is a non-routine year in which capital contributions of infrastructure for the public works program were in excess of total governmental expenses. In a routine year, the remaining governmental expenses are funded by property and permissive sales taxes, non-restricted intergovernmental revenues, interest, and miscellaneous revenues.

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, 2014, the County's governmental funds reported a combined ending fund balance of \$9,542,289, an increase of \$1,036,109 in comparison with the prior year. Of that total ending fund balance, \$434,152 is non-spendable, \$5,148,569 is restricted, \$94,183 is committed, \$118,352 is assigned, and \$3,747,033 is unassigned, as defined in GASB Statement No. 54. Of the amount restricted, \$275,907 is restricted for court corrections, \$1,275,520 is restricted for roads and bridges, \$464,805 is restricted for human services, \$1,818,219 is restricted for developmental disabilities, \$139,996 is restricted for health, \$176,477 is restricted for community development, \$269,611 is restricted for public safety, and \$728,034 is restricted for other purposes.

The General Fund is the primary operating fund of the County. At the end of 2014, unassigned fund balance was \$3,753,441, while total fund balance was \$4,053,893. 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 60 percent to total General Fund expenditures, while total fund balance represents 65 percent of that same amount. The fund balance increased from 2013 by \$1,111,299. Management is successfully working hard to maintain expenditures and other financing uses at or below fixed revenue sources adding to the carryover fund balance for the past few years.

At the end of 2014, the Public Assistance Special Revenue Fund had a fund balance of \$54,703, in comparison to the prior year ending fund balance of \$193,497, a decrease of \$138,794. 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, 2014 was \$1,501,664, a decrease of \$15,050 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 Developmental Disabilities Special Revenue Fund at December 31, 2014 was \$1,828,151, a decrease of \$70,051. This modest change is the result of decreased revenues within this department.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

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, 2014, net position for the County's enterprise fund was \$416,463. Of that total, (\$73,519) 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.

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 2014, 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 56 percent decrease. For the General Fund, actual revenues were \$1,549,055 higher than final budgeted amounts due mostly to conservative estimates for permissive sales tax revenues which also lead to the ending fund balance being \$1,995,267 higher than final budgeted amount of \$950,406.

Capital Assets and Debt Administration

Capital Assets - The County's capital assets for governmental and business-type activities as of December 31, 2014 were \$32,276,609 (net of accumulated depreciation). This includes land, infrastructure, buildings and improvements, and vehicles and equipment. Table 4 provides a comparison of capital assets as of the end of 2013 and 2014. In addition, Note 9 (Capital Assets) provides capital asset activity during 2014:

Table 4
Capital Assets
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$77,802 | \$77,802 | \$0 | \$0 | \$77,802 | \$77,802 |
| Infrastructure | 24,980,342 | 14,967,069 | 0 | 0 | 24,980,342 | 14,967,069 |
| Buildings and Improvements | 2,080,693 | 1,764,039 | 2,208,019 | 2,087,746 | 4,288,712 | 3,851,785 |
| Vehicles and Equipment | 2,929,753 | 3,185,045 | 0 | 0 | 2,929,753 | 3,185,045 |
| Total Capital Assets | <u>\$30,068,590</u> | <u>\$19,993,955</u> | <u>\$2,208,019</u> | <u>\$2,087,746</u> | <u>\$32,276,609</u> | <u>\$22,081,701</u> |

Long-Term Debt - As of December 31, 2014, the County had total debt outstanding of \$2,216,751; \$439,509 in governmental activities and \$1,777,242 in business-type activities.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2014 Unaudited

Table 5 outlines the long-term debt held by the County during 2014 and 2013:

Table 5
Long-Term Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General Obligation Bonds | \$149,927 | \$165,327 | \$1,777,242 | \$1,915,305 | \$1,927,169 | \$2,080,632 |
| Municipal Lease Loan | 219,375 | 276,645 | 0 | 0 | 219,375 | 276,645 |
| Capital Leases | 70,207 | 161,952 | 0 | 0 | 70,207 | 161,952 |
| Total Long-Term Debt | <u>\$439,509</u> | <u>\$603,924</u> | <u>\$1,777,242</u> | <u>\$1,915,305</u> | <u>\$2,216,751</u> | <u>\$2,519,229</u> |

In addition to the above debt, the County's long-term obligations include compensated absences. 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, 2014, is \$2,790,703.

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 2014 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.

This page intentionally left blank.

Monroe County, Ohio
Statement of Net Position
December 31, 2014

| | Primary Government | | |
|--------------------------------------------------------------|----------------------------|-------------------------------|---------------------|
| | Governmental Activities | Business - Type Activities | Total |
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$8,048,187 | \$372,404 | \$8,420,591 |
| Cash and Cash Equivalents In Segregated Accounts | 0 | 6,106 | 6,106 |
| Cash and Cash Equivalents with Fiscal Agents | 303,075 | 0 | 303,075 |
| Property Taxes Receivable | 1,475,576 | 0 | 1,475,576 |
| Permissive Motor Vehicle License Taxes Receivable | 6,258 | 0 | 6,258 |
| Accounts Receivable | 138,196 | 235,966 | 374,162 |
| Interest Receivable | 22,987 | 0 | 22,987 |
| Internal Balances | 346,839 | (346,839) | 0 |
| Intergovernmental Receivable | 3,159,698 | 9,938 | 3,169,636 |
| Prepaid Items | 67,837 | 16,561 | 84,398 |
| Sales Taxes Receivable | 850,190 | 0 | 850,190 |
| Loans Receivable | 48,425 | 0 | 48,425 |
| Materials and Supplies Inventory | 262,740 | 10,150 | 272,890 |
| Non-Depreciable Capital Assets | 77,802 | 0 | 77,802 |
| Depreciable Capital Assets, Net | 29,990,788 | 2,208,019 | 32,198,807 |
| <i>Total Assets</i> | <u>44,798,598</u> | <u>2,512,305</u> | <u>47,310,903</u> |
| Liabilities | | | |
| Accounts Payable | 289,013 | 82,949 | 371,962 |
| Accrued Wages Payable | 269,372 | 78,767 | 348,139 |
| Matured Compensated Absences Payable | 17,010 | 3,200 | 20,210 |
| Intergovernmental Payable | 285,492 | 75,401 | 360,893 |
| Accrued Interest Payable | 5,324 | 7,349 | 12,673 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 292,647 | 210,934 | 503,581 |
| Due In More Than One Year | 555,572 | 1,637,242 | 2,192,814 |
| <i>Total Liabilities</i> | <u>1,714,430</u> | <u>2,095,842</u> | <u>3,810,272</u> |
| Deferred Inflows of Resources | | | |
| Property Taxes not Levied to Finance Current Year Operations | 1,382,463 | 0 | 1,382,463 |
| Net Position | | | |
| Net Investment in Capital Assets | 29,629,081 | 489,982 | 30,119,063 |
| Restricted for: | | | |
| Other Purposes | 537,359 | 0 | 537,359 |
| Unclaimed Monies | 19,103 | 0 | 19,103 |
| Capital Projects | 136,279 | 0 | 136,279 |
| Public Assistance | 212,852 | 0 | 212,852 |
| Child Support Enforcement | 221,305 | 0 | 221,305 |
| Children Services | 197,814 | 0 | 197,814 |
| Court Operations | 276,407 | 0 | 276,407 |
| Real Estate Assessment | 498,808 | 0 | 498,808 |
| Delinquent Tax Collection | 103,454 | 0 | 103,454 |
| Road and Bridge Maintenance | 2,554,603 | 0 | 2,554,603 |
| Developmental Disabilities | 2,013,172 | 0 | 2,013,172 |
| Community Development | 682,858 | 0 | 682,858 |
| Unrestricted (Deficit) | 4,618,610 | (73,519) | 4,545,091 |
| <i>Total Net Position</i> | <u>\$41,701,705</u> | <u>\$416,463</u> | <u>\$42,118,168</u> |

See accompanying notes to the basic financial statements

**Monroe County, Ohio
Balance Sheet
Governmental Funds
December 31, 2014**

| | General | Public Assistance | Maintenance | Developmental Disabilities | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|--------------------|----------------------------|--------------------------|--------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,284,544 | \$144,733 | \$946,111 | \$1,543,245 | \$2,074,404 | \$7,993,037 |
| Cash and Cash Equivalents with Fiscal Agents | 0 | 0 | 0 | 303,075 | 0 | 303,075 |
| Receivables: | | | | | | |
| Property Taxes | 830,012 | 0 | 0 | 645,564 | 0 | 1,475,576 |
| Interest | 22,987 | 0 | 0 | 0 | 0 | 22,987 |
| Interfund | 506,185 | 54,172 | 0 | 0 | 21,822 | 582,179 |
| Accounts | 102,973 | 1,244 | 1,824 | 0 | 32,155 | 138,196 |
| Intergovernmental | 308,741 | 257,907 | 1,635,333 | 259,845 | 697,872 | 3,159,698 |
| Permissive Motor Vehicle License | 0 | 0 | 6,258 | 0 | 0 | 6,258 |
| Sales Taxes | 850,190 | 0 | 0 | 0 | 0 | 850,190 |
| Loans Receivable | 0 | 0 | 0 | 0 | 48,425 | 48,425 |
| Prepaid Items | 34,797 | 7,466 | 9,060 | 6,657 | 9,857 | 67,837 |
| Materials and Supplies Inventory | 34,017 | 1,418 | 220,331 | 3,275 | 3,699 | 262,740 |
| Restricted Cash and Cash Equivalents | 19,103 | 0 | 0 | 0 | 36,047 | 55,150 |
| <i>Total Assets</i> | <u>\$5,993,549</u> | <u>\$466,940</u> | <u>\$2,818,917</u> | <u>\$2,761,661</u> | <u>\$2,924,281</u> | <u>\$14,965,348</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | \$133,993 | \$47,256 | \$39,741 | \$12,103 | \$55,920 | \$289,013 |
| Interfund Payable | 63,451 | 42,938 | 30,170 | 0 | 98,781 | 235,340 |
| Matured Compensated Absences Payable | 0 | 0 | 17,010 | 0 | 0 | 17,010 |
| Accrued Wages Payable | 72,159 | 36,598 | 85,082 | 36,886 | 38,647 | 269,372 |
| Intergovernmental Payable | 142,887 | 28,246 | 50,943 | 29,095 | 34,321 | 285,492 |
| <i>Total Liabilities</i> | <u>412,490</u> | <u>155,038</u> | <u>222,946</u> | <u>78,084</u> | <u>227,669</u> | <u>1,096,227</u> |
| Deferred Inflows of Revenues | | | | | | |
| Property Taxes not Levied to Finance Current | | | | | | |
| Year Operations | 777,636 | 0 | 0 | 604,827 | 0 | 1,382,463 |
| Unavailable Revenue | 749,530 | 257,199 | 1,094,307 | 250,599 | 592,734 | 2,944,369 |
| <i>Total Deferred Inflows of Revenues</i> | <u>1,527,166</u> | <u>257,199</u> | <u>1,094,307</u> | <u>855,426</u> | <u>592,734</u> | <u>4,326,832</u> |
| Fund Balances | | | | | | |
| Nonspendable | 87,917 | 8,884 | 229,391 | 9,932 | 98,028 | 434,152 |
| Restricted | 0 | 45,819 | 1,272,273 | 1,818,219 | 2,012,258 | 5,148,569 |
| Committed | 94,183 | 0 | 0 | 0 | 0 | 94,183 |
| Assigned | 118,352 | 0 | 0 | 0 | 0 | 118,352 |
| Unassigned (Deficit) | 3,753,441 | 0 | 0 | 0 | (6,408) | 3,747,033 |
| <i>Total Fund Balances</i> | <u>4,053,893</u> | <u>54,703</u> | <u>1,501,664</u> | <u>1,828,151</u> | <u>2,103,878</u> | <u>9,542,289</u> |
| <i>Total Liabilities, Deferred Inflows of Revenues, and Fund Balances</i> | <u>\$5,993,549</u> | <u>\$466,940</u> | <u>\$2,818,917</u> | <u>\$2,761,661</u> | <u>\$2,924,281</u> | |
| 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. | | | | | | 30,068,590 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | | | | | |
| | | | | | 93,113 | |
| | | | | | 340,918 | |
| | | | | | 15,064 | |
| | | | | | 172,039 | |
| | | | | | 2,323,235 | |
| | | | | | Total | 2,944,369 |
| Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds. | | | | | | |
| | | | | | (149,927) | |
| | | | | | (219,375) | |
| | | | | | (70,207) | |
| | | | | | (408,710) | |
| | | | | | (5,324) | |
| | | | | | Total | (853,543) |
| Net Position of Governmental Activities | | | | | | <u>\$41,701,705</u> |

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, 2014

| | General | Public Assistance | Maintenance | Developmental Disabilities | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------|--------------------|----------------------|--------------------|-------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Property Taxes | \$1,045,497 | \$0 | \$0 | \$758,964 | \$119,013 | \$1,923,474 |
| Permissive Sales Taxes | 2,998,449 | 0 | 0 | 0 | 0 | 2,998,449 |
| Permissive MVL Taxes | 0 | 0 | 6,258 | 0 | 0 | 6,258 |
| Intergovernmental | 671,423 | 2,139,140 | 3,401,658 | 899,256 | 1,976,576 | 9,088,053 |
| Interest | 117,192 | 0 | 4,344 | 664 | 1,758 | 123,958 |
| Licenses and Permits | 3,536 | 0 | 0 | 0 | 54,990 | 58,526 |
| Fines and Forfeitures | 52,718 | 0 | 18,875 | 0 | 52,661 | 124,254 |
| Rentals | 0 | 0 | 0 | 0 | 2,512 | 2,512 |
| Royalty Revenue | 218 | 0 | 0 | 0 | 0 | 218 |
| Charges for Services | 2,311,765 | 209,750 | 41,029 | 14,935 | 784,431 | 3,361,910 |
| Contributions and Donations | 0 | 0 | 0 | 0 | 29,309 | 29,309 |
| Other | 359,072 | 45,346 | 54,446 | 30,204 | 21,662 | 510,730 |
| <i>Total Revenues</i> | <u>7,559,870</u> | <u>2,394,236</u> | <u>3,526,610</u> | <u>1,704,023</u> | <u>3,042,912</u> | <u>18,227,651</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government: | | | | | | |
| Legislative and Executive | 2,251,795 | 0 | 0 | 0 | 281,094 | 2,532,889 |
| Judicial | 913,841 | 0 | 0 | 0 | 184,290 | 1,098,131 |
| Public Safety | 2,227,419 | 0 | 0 | 0 | 547,079 | 2,774,498 |
| Public Works | 15,000 | 0 | 3,425,556 | 0 | 535,127 | 3,975,683 |
| Health | 552,894 | 0 | 0 | 1,731,489 | 196,047 | 2,480,430 |
| Human Services | 185,275 | 2,533,030 | 0 | 0 | 952,036 | 3,670,341 |
| Economic Development | 94,454 | 0 | 0 | 0 | 370,475 | 464,929 |
| Capital Outlay | 12,321 | 0 | 0 | 0 | 0 | 12,321 |
| Debt Service: | | | | | | |
| Principal Retirement | 907 | 0 | 63,425 | 39,734 | 72,670 | 176,736 |
| Interest and Fiscal Charges | 264 | 0 | 2,176 | 3,301 | 15,114 | 20,855 |
| <i>Total Expenditures</i> | <u>6,254,170</u> | <u>2,533,030</u> | <u>3,491,157</u> | <u>1,774,524</u> | <u>3,153,932</u> | <u>17,206,813</u> |
| <i>Excess of Revenues Over(Under)</i> | | | | | | |
| <i>Expenditures</i> | <u>1,305,700</u> | <u>(138,794)</u> | <u>35,453</u> | <u>(70,501)</u> | <u>(111,020)</u> | <u>1,020,838</u> |
| Other Financing Sources (Use) | | | | | | |
| Transfers In | 0 | 0 | 77,465 | 0 | 260,175 | 337,640 |
| Proceeds from Sale of Capital Assets | 2,950 | 0 | 0 | 0 | 0 | 2,950 |
| Inception of Capital Lease | 12,321 | 0 | 0 | 0 | 0 | 12,321 |
| Transfers Out | (209,672) | 0 | (127,968) | 0 | 0 | (337,640) |
| <i>Total Other Financing Sources (Use)</i> | <u>(194,401)</u> | <u>0</u> | <u>(50,503)</u> | <u>0</u> | <u>260,175</u> | <u>15,271</u> |
| <i>Net Change in Fund Balances</i> | 1,111,299 | (138,794) | (15,050) | (70,501) | 149,155 | 1,036,109 |
| Fund Balances at Beginning of Year | 2,942,594 | 193,497 | 1,516,714 | 1,898,652 | 1,954,723 | 8,506,180 |
| <i>Fund Balances at End of Year</i> | <u>\$4,053,893</u> | <u>\$54,703</u> | <u>\$1,501,664</u> | <u>\$1,828,151</u> | <u>\$2,103,878</u> | <u>\$9,542,289</u> |

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, 2014

Net Change in Fund Balances - Governmental Funds \$1,036,109

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 | 1,817,036 | |
| Capital Asset Additions - Capital Contributions | 9,572,344 | |
| Current Year Depreciation | <u>(1,259,591)</u> | |
| Total | | 10,129,789 |

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 | (2,950) | |
| Loss on Disposal of Capital Assets | <u>(52,204)</u> | |
| | | (55,154) |

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 | 4,048 | |
| Intergovernmental | 626,669 | |
| Sales Taxes | 122,836 | |
| Charges for Services | 33,093 | |
| Interest | 1,077 | |
| Other | <u>(3,383)</u> | |
| Total | | 784,340 |

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 176,736

Inception of capital leases are shown as other financing sources in the governmental funds, but the inception increases long-term liabilities in the statement of net position. (12,321)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 2,139

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 | <u>128,087</u> | |
|------------------------------|----------------|--|

Change in Net Position of Governmental Activities \$12,189,725

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------------------------|------------------|-------------|-------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$942,200 | \$942,200 | \$1,036,117 | \$93,917 |
| Permissive Sales Taxes | 2,000,000 | 2,000,000 | 2,822,206 | 822,206 |
| Intergovernmental | 577,000 | 577,000 | 674,838 | 97,838 |
| Charges for Services | 1,852,500 | 1,979,193 | 2,354,198 | 375,005 |
| Fines and Forfeitures | 42,160 | 42,826 | 51,225 | 8,399 |
| Licenses and Permits | 1,000 | 1,000 | 3,561 | 2,561 |
| Interest | 100,000 | 100,000 | 126,738 | 26,738 |
| Royalty Revenue | 0 | 25,890 | 25,890 | 0 |
| Contributions and Donations | 300 | 300 | 0 | (300) |
| Other | 151,860 | 224,566 | 347,257 | 122,691 |
| <i>Total Revenues</i> | 5,667,020 | 5,892,975 | 7,442,030 | 1,549,055 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 2,095,718 | 2,572,146 | 2,278,825 | 293,321 |
| Judicial | 777,017 | 963,715 | 937,236 | 26,479 |
| Public Safety | 1,857,969 | 2,317,163 | 2,288,165 | 28,998 |
| Public Works | 15,000 | 15,000 | 15,000 | 0 |
| Health | 552,585 | 575,885 | 576,060 | (175) |
| Human Services | 217,007 | 223,275 | 203,879 | 19,396 |
| Community and Economic Development | 55,000 | 101,001 | 101,001 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 907 | 907 | 907 | 0 |
| Interest and Fiscal Charges | 264 | 264 | 264 | 0 |
| <i>Total Expenditures</i> | 5,571,467 | 6,769,356 | 6,401,337 | 368,019 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 95,553 | (876,381) | 1,040,693 | 1,917,074 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 497 | 497 | 0 | (497) |
| Advances In | 0 | 6,000 | 46,000 | 40,000 |
| Proceeds from Sale of Capital Assets | 500 | 3,416 | 2,950 | (466) |
| Transfers Out | (199,497) | (242,828) | (209,672) | 33,156 |
| Advances Out | 0 | (223,500) | (217,500) | 6,000 |
| <i>Total Other Financing Sources (Uses)</i> | (198,500) | (456,415) | (378,222) | 78,193 |
| <i>Net Change in Fund Balance</i> | (102,947) | (1,332,796) | 662,471 | 1,995,267 |
| Fund Balance at Beginning of Year | 2,180,170 | 2,180,170 | 2,180,170 | 0 |
| Prior Year Encumbrances | 103,032 | 103,032 | 103,032 | 0 |
| <i>Fund Balance at End of Year</i> | \$2,180,255 | \$950,406 | \$2,945,673 | \$1,995,267 |

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------------------------|-------------------------|-------------------------|------------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Charges for Services | \$227,865 | \$253,362 | \$253,362 | \$0 |
| Intergovernmental | 1,667,500 | 2,125,478 | 2,074,557 | (50,921) |
| Other | 100,000 | 100,500 | 49,391 | (51,109) |
| <i>Total Revenues</i> | <u>1,995,365</u> | <u>2,479,340</u> | <u>2,377,310</u> | <u>(102,030)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Human Services | 2,204,534 | 2,734,087 | 2,586,655 | 147,432 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(209,169)</u> | <u>(254,747)</u> | <u>(209,345)</u> | <u>45,402</u> |
| Other Financing Source (Uses) | | | | |
| Transfers In | 332,135 | 332,135 | 0 | (332,135) |
| Advances Out | 0 | (30,000) | (30,000) | 0 |
| Transfers Out | (53,000) | (123,000) | 0 | 123,000 |
| <i>Total Other Financing Source (Uses)</i> | <u>279,135</u> | <u>179,135</u> | <u>(30,000)</u> | <u>(209,135)</u> |
| <i>Net Change in Fund Balance</i> | 69,966 | (75,612) | (239,345) | (163,733) |
| Fund Balance at Beginning of Year | 250,591 | 250,591 | 250,591 | 0 |
| Prior Year Encumbrances Appropriated | 35,334 | 35,334 | 35,334 | 0 |
| <i>Fund Balance at End of Year</i> | <u><u>\$355,891</u></u> | <u><u>\$210,313</u></u> | <u><u>\$46,580</u></u> | <u><u>(\$163,733)</u></u> |

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------------------------|--------------------|------------------|------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$3,310,000 | \$3,310,000 | \$3,401,216 | \$91,216 |
| Charges for Services | 25,000 | 25,000 | 40,567 | 15,567 |
| Fines and Forfeitures | 8,150 | 8,150 | 17,726 | 9,576 |
| Interest | 3,500 | 3,500 | 4,383 | 883 |
| Other | 25,000 | 25,000 | 56,001 | 31,001 |
| <i>Total Revenues</i> | <u>3,371,650</u> | <u>3,371,650</u> | <u>3,519,893</u> | <u>148,243</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Works | 3,286,049 | 3,901,049 | 3,699,771 | 201,278 |
| Debt Service: | | | | |
| Principal | 63,425 | 63,425 | 63,425 | 0 |
| Interest | 2,176 | 2,176 | 2,176 | 0 |
| <i>Total Expenditures</i> | <u>3,351,650</u> | <u>3,966,650</u> | <u>3,765,372</u> | <u>201,278</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>20,000</u> | <u>(595,000)</u> | <u>(245,479)</u> | <u>349,521</u> |
| Other Financing Source (Use) | | | | |
| Transfers In | 100,000 | 100,000 | 77,465 | (22,535) |
| Transfers Out | (120,000) | (140,000) | (127,968) | 12,032 |
| <i>Total Other Financing Source (Use)</i> | <u>(20,000)</u> | <u>(40,000)</u> | <u>(50,503)</u> | <u>(10,503)</u> |
| <i>Net Change in Fund Balance</i> | 0 | (635,000) | (295,982) | 339,018 |
| Fund Balance at Beginning of Year | <u>1,068,238</u> | <u>1,068,238</u> | <u>1,068,238</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$1,068,238</u> | <u>\$433,238</u> | <u>\$772,256</u> | <u>\$339,018</u> |

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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|-----------------------------------------------------|-------------------------|--------------------|--------------------|----------------------------------------|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Property Taxes | \$678,500 | \$678,500 | \$750,923 | \$72,423 |
| Charges for Services | 35,000 | 35,000 | 14,776 | (20,224) |
| Intergovernmental | 830,000 | 830,000 | 950,533 | 120,533 |
| Interest | 2,000 | 2,000 | 664 | (1,336) |
| Other | 10,000 | 10,000 | 28,029 | 18,029 |
| <i>Total Revenues</i> | <u>1,555,500</u> | <u>1,555,500</u> | <u>1,744,925</u> | <u>189,425</u> |
| Expenditures | | | | |
| Current: | | | | |
| Health | 1,610,805 | 1,913,129 | 1,787,941 | 125,188 |
| Debt Service: | | | | |
| Principal Retirements | 39,734 | 39,734 | 39,734 | 0 |
| Interest and Fiscal Charges | 3,301 | 3,301 | 3,301 | 0 |
| <i>Total Expenditures</i> | <u>1,653,840</u> | <u>1,956,164</u> | <u>1,830,976</u> | <u>125,188</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(98,340)</u> | <u>(400,664)</u> | <u>(86,051)</u> | <u>314,613</u> |
| Other Financing Source (Use) | | | | |
| Transfers In | 7,500 | 307,500 | 0 | (307,500) |
| Transfers Out | (7,500) | (307,500) | 0 | 307,500 |
| <i>Total Other Financing Source (Use)</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (98,340) | (400,664) | (86,051) | 314,613 |
| Fund Balance at Beginning of Year | 1,851,927 | 1,851,927 | 1,851,927 | 0 |
| Prior Year Encumbrances Appropriated | 6,340 | 6,340 | 6,340 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$1,759,927</u> | <u>\$1,457,603</u> | <u>\$1,772,216</u> | <u>\$314,613</u> |

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2014

| | Business-Type Activity |
|--------------------------------------------------|---------------------------|
| | Care Center |
| Assets | |
| Current Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$372,404 |
| Cash and Cash Equivalents in Segregated Accounts | 6,106 |
| Accounts Receivable | 235,966 |
| Prepaid Items | 16,561 |
| Interfund Receivable | 63,451 |
| Intergovernmental Receivable | 9,938 |
| Materials and Supplies Inventory | 10,150 |
| <i>Total Current Assets</i> | 714,576 |
| Noncurrent Assets: | |
| Depreciable Capital Assets, Net | 2,208,019 |
| <i>Total Assets</i> | 2,922,595 |
| Liabilities | |
| Current Liabilities: | |
| Accounts Payable | 82,949 |
| Accrued Wages Payable | 78,767 |
| Intergovernmental Payable | 75,401 |
| Accrued Interest Payable | 7,349 |
| Matured Compensated Absences Payable | 3,200 |
| Compensated Absences Payable | 70,934 |
| General Obligation Bonds Payable | 140,000 |
| Interfund Payable | 410,290 |
| <i>Total Current Liabilities</i> | 868,890 |
| Long-Term Liabilities (Net of Current Portion): | |
| General Obligation Bonds Payable | 1,637,242 |
| <i>Total Long-Term Liabilities</i> | 1,637,242 |
| <i>Total Liabilities</i> | 2,506,132 |
| Net Position | |
| Net Investment in Capital Assets | 489,982 |
| Unrestricted (Deficit) | (73,519) |
| <i>Total Net Position</i> | \$416,463 |

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, 2014

| | Business-Type Activity |
|------------------------------------------------------|---------------------------|
| | Care Center |
| Operating Revenues | |
| Charges for Services | \$3,654,983 |
| Other | 86,660 |
| <i>Total Operating Revenues</i> | 3,741,643 |
| Operating Expenses | |
| Personal Services | 2,052,755 |
| Contractual Services | 996,280 |
| Materials and Supplies | 258,140 |
| Depreciation | 83,727 |
| Other | 102,992 |
| <i>Total Operating Expenses</i> | 3,493,894 |
| <i>Operating Income</i> | 247,749 |
| Non-Operating Revenues (Expenses) | |
| Other Non-Operating Revenues | 2,085 |
| Interest and Fiscal Charges | (89,074) |
| <i>Total Non-Operating Revenues (Expenses)</i> | (86,989) |
| <i>Change in Net Position (Before Contributions)</i> | 160,760 |
| Capital Contributions from Other Funds | 204,000 |
| <i>Change in Net Position</i> | 364,760 |
| Net Position Beginning of Year | 51,703 |
| <i>Net Position End of Year</i> | \$416,463 |

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2014

| | Business-Type Activity |
|----------------------------------------------------------------------------------------|---------------------------|
| | Care Center |
| Increase (Decrease) in Cash and Cash Equivalents | |
| Cash Flows from Operating Activities | |
| Cash Received from Customers | \$3,710,701 |
| Cash Received from Other Operating Revenues | 13,319 |
| Cash Received from Other Non-Operating Revenues | 2,085 |
| Cash Payments for Employee Services and Benefits | (2,058,309) |
| Cash Payments for Goods and Services | (1,360,762) |
| Cash Payments for Other Operating Expenses | (93,142) |
| <i>Net Cash Provided by Operating Activities</i> | 213,892 |
| Cash Flows from Noncapital Financing Activities | |
| Advances In | 200,000 |
| Advances Out | (6,000) |
| <i>Net Cash Provided by Noncapital Financing Activities</i> | 194,000 |
| Cash Flows from Capital and Related Financing Activities | |
| Principal Paid on General Obligation Bonds | (135,000) |
| Interest and Fiscal Charges Paid on General Obligation Bonds | (92,591) |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | (227,591) |
| <i>Net Increase in Cash and Cash Equivalents</i> | 180,301 |
| Cash and Cash Equivalents Beginning of Year | 198,209 |
| <i>Cash and Cash Equivalents End of Year</i> | \$378,510 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating Income | \$247,749 |
| Adjustments: | |
| Depreciation | 83,727 |
| Other Non-Operating Revenues | 2,085 |
| Changes in Assets and Liabilities: | |
| Decrease in Accounts Receivable | 55,718 |
| Increase in Materials and Supplies Inventory | (100) |
| Increase in Prepaid Items | (5,215) |
| Increase in Interfund Receivable | (63,403) |
| Increase in Intergovernmental Receivable | (9,938) |
| Decrease in Accounts Payable | (82,642) |
| Increase in Accrued Wages Payable | 2,835 |
| Decrease in Compensated Absences Payable | (6,437) |
| Decrease in Interfund Payable | (8,209) |
| Decrease in Intergovernmental Payable | (2,278) |
| <i>Net Cash Provided by Operating Activities</i> | \$213,892 |

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2014

| Assets | |
|--------------------------------------------------|----------------------------|
| Equity in Pooled Cash and Cash Equivalents | \$1,737,564 |
| Cash and Cash Equivalents in Segregated Accounts | 140,743 |
| Investments in Segregated Accounts | 85,781 |
| Receivables: | |
| Property Taxes | 13,822,386 |
| Accounts Receivable | 86,911 |
| Intergovernmental | <u>1,864,021</u> |
| <i>Total Assets</i> | <u><u>\$17,737,406</u></u> |
| | |
| Liabilities | |
| Intergovernmental Payable | \$17,459,898 |
| Deposits Held and Due to Others | 114,455 |
| Undistributed Monies | <u>163,053</u> |
| <i>Total Liabilities</i> | <u><u>\$17,737,406</u></u> |

See accompanying notes to the basic financial statements

This page intentionally left blank.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 2014, 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, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

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
South Eastern Narcotics Team (SENT)
Monroe County Family and Children First Council
Buckeye Hills Resource Conservation and Development Council
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

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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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.

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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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.

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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 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.

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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 2014, investments were limited to non-participating certificates of deposit, negotiable certificates of deposit, and STAROhio.

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. STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2014. 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 2014 amounted to \$117,192 which includes \$86,612 assigned from other County funds.

G. Restricted Assets

Restricted cash and cash equivalents in the General Fund and the Delinquent Real Estate Tax and Collection Special Revenue 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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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, 2014, 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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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. 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 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.

O. 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.

P. 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:

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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.

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.

Q. 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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

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.

R. 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.

S. 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.

T. 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.

U. 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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

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 | Developmental Disabilities |
| GAAP Basis | \$1,111,299 | (\$138,794) | (\$15,050) | (\$70,501) |
| Net Adjustment for Revenue Accruals | (157,576) | (5,895) | (6,756) | 48,943 |
| Beginning of the Year: | | | | |
| Unrecorded Cash | 140,202 | 2,469 | 482 | 0 |
| Agency Fund Cash Allocation | 22,579 | 0 | 0 | 19,353 |
| Prepaid Items | 41,790 | 8,008 | 8,776 | 11,074 |
| End of the Year: | | | | |
| Unrecorded Cash | (103,407) | (13,500) | (443) | 0 |
| Agency Fund Cash Allocation | (31,959) | 0 | 0 | (27,394) |
| Prepaid Items | (34,797) | (7,466) | (9,060) | (6,657) |
| Net Adjustment for Expenditure Accruals | 68,448 | 30,486 | (100,519) | (14,159) |
| Advances In | 46,000 | 0 | 0 | 0 |
| Advances Out | (217,500) | (30,000) | 0 | 0 |
| Encumbrances | (222,608) | (84,653) | (173,412) | (46,710) |
| Budget Basis | <u>\$662,471</u> | <u>(\$239,345)</u> | <u>(\$295,982)</u> | <u>(\$86,051)</u> |

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

NOTE 4 - ACCOUNTABILITY

The Bus and Emergency Management Special Revenue Funds had deficit fund balances in the amounts of \$851 and \$5,457, respectively, as of December 31, 2014. 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 in the following securities provided a written investment policy has been filed 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 securities entered into by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
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 rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 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. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are 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;
12. 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.

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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

At December 31, 2014, the County's Developmental Disabilities Special Revenue Fund had a cash balance of \$303,075 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 \$473,079 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, \$2,220,382 of the County's bank balance of \$3,900,786 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, 2014, 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 | \$6,281,220 | 02/04/2015-11/07/2019 | 100% | N/A | N/A |
| STAROhio | \$32,487 | 50.1 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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

Credit Risk STAROhio 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 no 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 2014 for real and public utility property taxes represents collections of 2013 taxes.

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

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. 2014 public utility property taxes which became a lien December 31, 2013, were levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2014, was \$8.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

| | |
|----------------------------------|-----------------------------|
| Real Property | \$230,128,010 |
| Public Utility Personal Property | 92,893,140 |
| Total Assessed Value | <u><u>\$323,021,150</u></u> |

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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, 2014, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2014 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, 2014, 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:

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

| | Amount |
|----------------------------------------------------------------------------------------------------------------|--------------------|
| Property Tax Allocations | \$152,323 |
| Local Government, Local Government Revenue Assistance, and Library and Local Governmental Support Subsidies | 118,166 |
| Motor Vehicle License Tax | 469,308 |
| Motor Vehicle Gas Tax | 1,159,523 |
| Casino Revenue | 84,812 |
| Indigent Defense | 5,085 |
| Community Development Block Grants | 522,999 |
| Youth Services Grants | 26,364 |
| Public Assistance Grants and Subsidies | 251,878 |
| Child Support Enforcement Grants and Subsidies | 2,543 |
| Children Services Grants and Subsidies | 15,804 |
| Monroe County Public Transportation Grants | 6,827 |
| Community Corrections Grants | 37,249 |
| Emergency Management Grants | 15,716 |
| Developmental Disabilities State and Federal Grants | 83,158 |
| VWAP Grants | 26,212 |
| Local Law Enforcement Grants | 11,822 |
| Miscellaneous Intergovernmental Receivables | 179,847 |
| Total Intergovernmental Receivables | <u>\$3,169,636</u> |

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 \$93,113 may not be collected within one year.

The Community Development Block Grant Special Revenue Fund reflects loans receivable of \$48,425. 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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

| | Balance December 31, 2013 | Additions | Reductions | Balance December 31, 2014 |
|---------------------------------------|---------------------------------|---------------------|--------------------|---------------------------------|
| <u>Governmental Activities</u> | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | <u>\$77,802</u> | <u>\$0</u> | <u>\$0</u> | <u>\$77,802</u> |
| Depreciable Capital Assets: | | | | |
| Infrastructure | 21,101,452 | 10,692,089 | (3,346,316) | 28,447,225 |
| Buildings and Improvements | 3,597,623 | 240,453 | 0 | 3,838,076 |
| Vehicles and Equipment | <u>6,541,449</u> | <u>456,838</u> | <u>(154,312)</u> | <u>6,843,975</u> |
| Total Depreciable Capital Assets | <u>31,240,524</u> | <u>11,389,380</u> | <u>(3,500,628)</u> | <u>39,129,276</u> |
| Accumulated Depreciation: | | | | |
| Infrastructure | (6,134,383) | (635,096) | 3,302,596 | (3,466,883) |
| Buildings and Improvements | (1,670,519) | (86,864) | 0 | (1,757,383) |
| Vehicles and Equipment | <u>(3,519,469)</u> | <u>(537,631)</u> | <u>142,878</u> | <u>(3,914,222)</u> |
| Total Accumulated Depreciation | <u>(11,324,371)</u> | <u>(1,259,591)*</u> | <u>3,445,474</u> | <u>(9,138,488)</u> |
| Total Depreciable Capital Assets, Net | <u>19,916,153</u> | <u>10,129,789</u> | <u>(55,154)</u> | <u>29,990,788</u> |
| Governmental Capital Assets, Net | <u>\$19,993,955</u> | <u>\$10,129,789</u> | <u>(\$55,154)</u> | <u>\$30,068,590</u> |

*Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|--------------------|
| Legislative and Executive | \$20,991 |
| Judicial | 6,937 |
| Public Safety | 72,864 |
| Public Works | 826,500 |
| Health | 272,324 |
| Human Services | <u>59,975</u> |
| Total Depreciation Expense | <u>\$1,259,591</u> |

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

| | Balance December 31, 2013 | Additions | Reductions | Balance December 31, 2014 |
|---------------------------------------------------|---------------------------------|------------------|------------|---------------------------------|
| <u>Business - Type Activities</u> | | | | |
| Depreciable Capital Assets: | | | | |
| Buildings and Improvements | 3,349,070 | 204,000 | 0 | 3,553,070 |
| Vehicles and Equipment | 24,942 | 0 | 0 | 24,942 |
| Total Depreciable Capital Assets | <u>3,374,012</u> | <u>204,000</u> | <u>0</u> | <u>3,578,012</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (1,261,324) | (83,727) | 0 | (1,345,051) |
| Vehicles and Equipment | (24,942) | 0 | 0 | (24,942) |
| Total Accumulated Depreciation | <u>(1,286,266)</u> | <u>(83,727)</u> | <u>0</u> | <u>(1,369,993)</u> |
| Total Depreciable Capital Assets, Net | <u>2,087,746</u> | <u>120,273</u> | <u>0</u> | <u>2,208,019</u> |
| Business - Type Activities Capital Assets, Net | <u>\$2,087,746</u> | <u>\$120,273</u> | <u>\$0</u> | <u>\$2,208,019</u> |

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 |
| Cyber Liability | \$1,000,000 each occurrence |
| | \$1,000,000 annual aggregate |
| Medical and Professional Liability | \$4,000,000 |
| | \$2,000,000 sublimit for County Home |
| Property Damage Liability | \$48,184,314 |
| Equipment Breakdown | \$100,000,000 |
| Crime | \$1,000,000 |
| Business Income/Extra Expense | \$1,000,000 each occurrence |
| Uninsured/Underinsured Motorists | \$250,000 |
| Attorney Disciplinary Proceedings | \$25,000 each occurrence |
| | \$25,000 annual aggregate |
| EDP Media/Extra Expense | \$575,000 |
| Dog Warden Blanket | \$2,000 |

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 2014, 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 is 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

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in state and local classifications. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percentage not to exceed two percent. For the year ended December 31, 2014, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 13 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety classifications exist only within the Traditional Plan. For 2014, member and employer contribution rates were consistent across all three plans.

The County's 2014 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of post-employment health care benefits. The portion of the County's contribution allocated to health care for members in both the Traditional and Combined Plans was 2 percent for 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2 percent. Employer contributions rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$882,693, \$1,045,749, and \$701,323, respectively. For 2014, 87 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the Member-Directed Plan for 2014 were \$493 made by the County and \$352 made by the plan members.

B. State Teachers Retirement System

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended December 31, 2014, plan members were required to contribute 11 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 13 percent.

The County's required contributions for pension obligations to STRS Ohio for the DB Plan for the years ended December 31, 2014, 2013, and 2012 were \$17,298, \$77,860, and \$67,745, respectively. The full amount has been contributed for years 2014, 2013 and 2012. There were no contributions to the DC and Combined plans for 2014 by the County or by the plan members.

NOTE 12 - POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.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 post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). 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 covered payroll of active employees. In 2014, state and local government employers contributed 14 percent of covered payroll 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.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of the employer contributions allocated to health care for members in both the Traditional and Combined Plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contributions allocated to health care remains at 2 percent for both plans, as recommended by the OPERS actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$142,017, \$78,206, and \$270,758, respectively. For 2014, 87 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. State Teachers Retirement System

Plan Description - The County contributes to the cost-sharing, multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. 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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

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 Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2014, 2013, and 2012 were \$1,331, \$5,989, and \$5,211, respectively; 100 percent has been contributed for 2014, 2013 and 2012.

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. Sick leave accumulation is limited to 120 days. Upon retirement or death, an employee can be paid twenty-five percent of accumulated, unused sick leave.

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 \$441,678, 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 \$324,269 at December 31, 2014. There were principal payments towards these leases of \$104,066. 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 |
|-----------------------------|-----------------|----------------|-----------------|
| 2015 | \$43,405 | \$2,441 | \$45,846 |
| 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 | <u>\$70,207</u> | <u>\$3,783</u> | <u>\$73,990</u> |

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during 2014 consist of the following:

| | Outstanding 12/31//2013 | Additions | Deletions | Outstanding 12/31//2014 | Amounts Due Within One Year |
|------------------------------------------------------------------------------|----------------------------|-----------------------|-----------------------|----------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| 1998 4.75% Senior Center - \$488,000 | \$165,327 | \$0 | \$15,400 | \$149,927 | \$16,100 |
| Municipal Lease Loan | 276,645 | 0 | 57,270 | 219,375 | 58,953 |
| Capital Lease | 161,952 | 12,321 | 104,066 | 70,207 | 43,405 |
| Compensated Absences | <u>536,797</u> | <u>123,547</u> | <u>251,634</u> | <u>408,710</u> | <u>174,189</u> |
| Total Governmental Activities | <u>1,140,721</u> | <u>135,868</u> | <u>428,370</u> | <u>848,219</u> | <u>292,647</u> |
| Business-Type Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| 1995 Care Center Improvement Bonds - \$425,000 - 5.95% | 75,000 | 0 | 35,000 | 40,000 | 40,000 |
| 2002 Care Center Improvement Term Bonds - 795,000 - 5.15% | 295,000 | 0 | 30,000 | 265,000 | 30,000 |
| Bond Discount | (7,847) | 0 | (884) | (6,963) | 0 |
| 2009 County Care Center Serial Bonds - 710,000 - Variable Interest Rate | 450,000 | 0 | 70,000 | 380,000 | 70,000 |
| Bond Premium | 63,152 | 0 | 3,947 | 59,205 | 0 |
| 2009 County Care Center Term Bonds - \$1,040,000 - Variable Interest Rate | 1,040,000 | 0 | 0 | 1,040,000 | 0 |
| Compensated Absences | <u>77,371</u> | <u>93,109</u> | <u>99,546</u> | <u>70,934</u> | <u>70,934</u> |
| Total Business-Type Activities | <u>1,992,676</u> | <u>93,109</u> | <u>237,609</u> | <u>1,848,176</u> | <u>210,934</u> |
| Total Long-Term Obligations | <u><u>3,133,397</u></u> | <u><u>228,977</u></u> | <u><u>665,979</u></u> | <u><u>2,696,395</u></u> | <u><u>503,581</u></u> |

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 is December 1, 2022.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|------------------|-----------------|------------------|
| 2015 | \$16,100 | \$7,122 | \$23,222 |
| 2016 | 16,900 | 6,357 | 23,257 |
| 2017 | 17,600 | 5,554 | 23,154 |
| 2018 | 18,500 | 4,718 | 23,218 |
| 2019 | 19,300 | 3,839 | 23,139 |
| 2020-2022 | 61,527 | 5,832 | 67,359 |
| Total | <u>\$149,927</u> | <u>\$33,422</u> | <u>\$183,349</u> |

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 |
|-----------------------------|------------------|-----------------|------------------|
| 2015 | \$58,953 | \$5,579 | \$64,532 |
| 2016 | 60,672 | 3,859 | 64,531 |
| 2017 | 62,467 | 2,065 | 64,532 |
| 2018 | 37,283 | 360 | 37,643 |
| Total | <u>\$219,375</u> | <u>\$11,863</u> | <u>\$231,238</u> |

Capital Lease

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

Compensated Absences

The County will pay compensated absences from the General Fund and the Public Assistance, Maintenance, Real Estate Assessment, Dog and Kennel, Victims Advocate, Child Support Enforcement Agency, Monroe County Public Transportation, Emergency Management, 911, Youth Services, Community Corrections, Law Enforcement Grants, 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 2014 was \$884 leaving an unamortized balance at December 31, 2014 of \$6,963.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

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 2014 was \$3,947 leaving an unamortized balance at December 31, 2014 of \$59,205. 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 |
|-----------------------------|--------------------|------------------|--------------------|
| 2015 | \$140,000 | \$87,000 | \$227,000 |
| 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 |
| 2020-2024 | 555,000 | 261,313 | 816,313 |
| 2025-2029 | 590,000 | 110,100 | 700,100 |
| Total | \$1,725,000 | \$762,657 | \$2,487,657 |

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:

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

| 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.

Compensated Absences

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

The County's overall legal debt margin at December 31, 2014 was \$6,136,020.

NOTE 16 - INTERNAL BALANCES

Interfund balances at December 31, 2014 consist of the following individual fund receivables and payables:

| | Interfund Receivable | | | | Total |
|-----------------------------|----------------------|----------------------|-----------------------------------|-----------------|------------------|
| | Major Funds | | | | |
| Interfund Payable | General | Public Assistance | Other Nonmajor Governmental | Care Center | |
| Major Funds | | | | | |
| General Fund | \$0 | \$0 | \$0 | \$63,451 | \$63,451 |
| Public Assistance | 29,116 | 0 | 13,822 | 0 | 42,938 |
| Maintenance | 30,170 | 0 | 0 | 0 | 30,170 |
| Other Nonmajor Governmental | 36,609 | 54,172 | 8,000 | 0 | 98,781 |
| Care Center | 410,290 | 0 | 0 | 0 | 410,290 |
| Total All Funds | \$506,185 | \$54,172 | \$21,822 | \$63,451 | \$645,630 |

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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

Interfund transfers during 2014 consisted of the following:

| <u>Transfer from</u> | <u>Transfer To</u> | | <u>Totals</u> |
|----------------------|--------------------|----------------------------------|----------------|
| | <u>Major Fund</u> | <u>Other</u> | |
| | <u>Maintenance</u> | <u>Nonmajor Governmental</u> | |
| Major Funds: | | | |
| General Fund | \$77,465 | \$132,207 | \$209,672 |
| Maintenance | 0 | 127,968 | 127,968 |
| Total All Funds | <u>77,465</u> | <u>260,175</u> | <u>337,640</u> |

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 2014, the County contributed \$2,814 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.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 2014.

- 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 2014, 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 2014, the County contributed no money to the Cluster.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

- E. Mental Health Recovery Board (Board) - The Board is responsible for delivery of comprehensive mental health 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 2014 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 2014.
- 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 2014, 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 did not contribute financially to the RC&D in 2014.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

- 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 2014.
- 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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 2014 was \$157,132.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2014

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 \$136,798 and the payment to CCAO for administrative and membership fees was \$2,324. A premium refund in the amount of \$109,153, representing approximately 60 percent of the total premiums for the 2010 through 2013 policy years, was received during 2014.

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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

NOTE 22 - FUND BALANCES

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

| | | Public | | Developmental | Other | |
|----------------------------|--------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| Fund Balances | General | Assistance | Maintenance | Disabilities | Governmental | Total |
| | | | | | Funds | |
| Nonspendable: | | | | | | |
| Inventory | \$34,017 | \$1,418 | \$220,331 | \$3,275 | \$3,699 | \$262,740 |
| Prepays | 34,797 | 7,466 | 9,060 | 6,657 | 9,857 | 67,837 |
| Long-Term | | | | | | |
| Receivables | 0 | 0 | 0 | 0 | 48,425 | 48,425 |
| Unclaimed | | | | | | |
| Monies | 19,103 | 0 | 0 | 0 | 36,047 | 55,150 |
| Total Nonspendable | 87,917 | 8,884 | 229,391 | 9,932 | 98,028 | 434,152 |
| Restricted to: | | | | | | |
| Court Corrections | 0 | 0 | 0 | 0 | 275,907 | 275,907 |
| Roads and Bridges | 0 | 0 | 1,272,273 | 0 | 3,247 | 1,275,520 |
| Human Services | 0 | 45,819 | 0 | 0 | 418,986 | 464,805 |
| Community Development | 0 | 0 | 0 | 0 | 176,477 | 176,477 |
| Public Safety | 0 | 0 | 0 | 0 | 269,611 | 269,611 |
| Developmental | | | | | | |
| Disabilities | 0 | 0 | 0 | 1,818,219 | 0 | 1,818,219 |
| Health | 0 | 0 | 0 | 0 | 139,996 | 139,996 |
| Other Purposes | 0 | 0 | 0 | 0 | 728,034 | 728,034 |
| Total Restricted | 0 | 45,819 | 1,272,273 | 1,818,219 | 2,012,258 | 5,148,569 |
| Committed to: | | | | | | |
| Unpaid Obligations | 94,183 | 0 | 0 | 0 | 0 | 94,183 |
| Assigned to: | | | | | | |
| Unpaid Obligations | 118,352 | 0 | 0 | 0 | 0 | 118,352 |
| Unassigned (Deficit) | 3,753,441 | 0 | 0 | 0 | (6,408) | 3,747,033 |
| Total Fund Balances | \$4,053,893 | \$54,703 | \$1,501,664 | \$1,828,151 | \$2,103,878 | \$9,542,289 |

NOTE 23 - 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.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2014**

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.

This page intentionally left blank.

MONROE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|------------------------------------------------------------------------------------------|----------------------------------|---------------------------|----------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Education</i> | | | |
| Child Nutrition Cluster: | | | |
| Non-Cash Assistance (Food Distribution): | | | |
| National School Lunch Program | 2013/2014 | 10.555 | \$424 |
| Cash Assistance: | | | |
| School Breakfast Program | 2013/2014 | 10.553 | 147 |
| National School Lunch Program | 2013/2014 | 10.555 | 4,853 |
| Cash Assistance Total | | | <u>5,000</u> |
| Total Child Nutrition Cluster | | | <u>5,424</u> |
| <i>Passed through Ohio Department of Jobs and Family Services</i> | | | |
| Supplemental Nutrition Assistance Program: | | | |
| State Administrative Matching Grants | N/A | 10.561 | <u>143,060</u> |
| Total U.S. Department of Agriculture | | | 148,484 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>Passed Through Ohio Department of Development</i> | | | |
| Community Development Block Grants-State's Program: | | | |
| Community Development Program | B-F-12-1BZ-1 | 14.228 | 32,250 |
| Community Development Program | B-F-13-1BZ-1 | | 75,000 |
| Community Housing Improvement Program | B-C-13-1BZ-1 | | 134,751 |
| Revolving Loan Program | N/A | | <u>14,292</u> |
| Total Community Development Block Grant-State's Program | | | 256,293 |
| Home Investment Partnerships Program: | | | |
| Community Housing Improvement Program | B-C-13-1BZ-2 | 14.239 | <u>116,950</u> |
| Total U.S. Department of Housing and Urban Development | | | 373,243 |
| U.S. DEPARTMENT OF LABOR | | | |
| <i>Passed Through Ohio Valley Employment Resource (Workforce Investment Act Area 15)</i> | | | |
| Employment Services/Wagner-Peyser Funded Activities | N/A | 17.207 | 4,156 |
| Workforce Investment Act (WIA) Cluster: | | | |
| WIA Adult Program: | | | |
| Adult | N/A | 17.258 | 68,291 |
| WIA Youth Activities: | | | |
| Youth | N/A | 17.259 | 31,934 |
| WIA Dislocated Workers: | | | |
| Waiting List Reduction | N/A | 17.278 | 199,480 |
| WIA Dislocated Workers Formula Grants | N/A | 17.278 | <u>18,387</u> |
| Total WIA Cluster | | | 318,092 |
| WIA National Emergency Grants | N/A | 17.277 | <u>192,930</u> |
| Total U.S. Department of Labor | | | 515,178 |

MONROE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|-----------------------------------------------------------------------------------------|----------------------------------|---------------------------|----------------|
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| <i>Passed Through Ohio Department of Transportation</i> | | | |
| Formula Grants for Rural Areas | RPT 4056-030-131 | 20.509 | \$3,594 |
| | RPT 0056-033-132 | | 957 |
| | RPTF-4112-034-141 | | 101,690 |
| | RPTF-4112-034-143 | | 39,533 |
| Total Formula Grants for Rural Areas | | | <u>145,774</u> |
| <i>Passed Through Ohio Department of Public Safety</i> | | | |
| State and Community Highway Safety: | | | |
| High Visibility Enforcement Overtime Grant | HVEO-2014-56-00-00-00386-00 | 20.600 | 16,547 |
| Selective Traffic Enforcement Program | STEP-2015-56-00-00-00520-00 | | <u>1,356</u> |
| Total State and Community Highway Safety | | | 17,903 |
| National Priority Safety Programs: | | | |
| Impaired Driving Enforcement Program | IDEP-2015-56-00-00-00412-00 | 20.616 | <u>2,105</u> |
| Total U.S. Department of Transportation | | | 165,782 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through Ohio Department of Education</i> | | | |
| Special Education - Grants to States (IDEA, Part B) | 066142-6BSF-2014 | 84.027 | 15,025 |
| | 066142-6BSF-2015 | | <u>5,077</u> |
| Total Special Education - Grants to States (IDEA, Part B) | | | <u>20,102</u> |
| Total U.S. Department of Education | | | 20,102 |
| U.S. ELECTION ASSISTANCE COMMISSION | | | |
| <i>Passed Through Ohio Secretary of State</i> | | | |
| Help America Vote Act Requirements Payments | | | |
| Pollworker 56 | 06-SOS-HHS-56 | 90.401 | <u>365</u> |
| Total U.S. Election Assistance Commission / Help America Vote Act Requirements Payments | | | 365 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <i>Passed Through Ohio Secretary of State</i> | | | |
| Voting Access for Individuals with Disabilities - Grants to States | | | |
| Monroe PWTI | 06-SOS-HHS-56 | 93.617 | 205 |
| Monroe PIPPA | 06-SOS-HHS-56 | | 5,200 |
| Monroe PIPPA | 06-SOS-HHS-56 | | <u>254</u> |
| Total Voting Access for Individuals with Disabilities - Grants to States | | | 5,659 |
| <i>Passed Through Ohio Department of Mental Health and Addiction Services</i> | | | |
| Promoting Safe and Stable Families | 99-405-14-100-22-056 | 93.556 | 16,065 |
| | 99-405-15-100-22-056 | | <u>4,696</u> |
| Total Promoting Safe and Stable Families | | | 20,761 |

MONROE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|-----------------------------------------------------------------------------------------|----------------------------------|---------------------------|---------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | |
| <i>Passed Through Ohio Department of Developmental Disabilities</i> | | | |
| Social Services Block Grant | N/A | 93.667 | \$8,174 |
| <i>Passed through Ohio Department of Jobs and Family Services</i> | | | |
| Promoting Safe and Stable Families | G-1415-11-5401 | 93.556 | 11,922 |
| Temporary Assistance for Needy Families (TANF) | G-1415-11-5401 | 93.558 | 830,354 |
| Child Support Enforcement | G-1415-11-5401 | 93.563 | 121,311 |
| Child Care and Development: Child Care and Development Block Grant | G-1415-11-5401 | 93.575 | 16,716 |
| Community-Based Child Abuse Prevention: Community-Based Child Abuse Prevention Grant | G-1415-11-5401 | 93.590 | 1,506 |
| Stephanie Tubbs Jones Child Welfare Services Program | G-1415-11-5401 | 93.645 | 40,067 |
| Foster Care-Title IV-E: Foster Care Title IV-E Administration | G-1415-11-5401 | 93.658 | 4,787 |
| Foster Care Title IV-E | G-1415-06-0218 | | 46,501 |
| Total Foster Care Title IV-E | | | <u>51,288</u> |
| Adoption Assistance: Adoption Assistance Administration | G-1415-11-5401 | 93.659 | 28,691 |
| Social Services Block Grant | G-1415-11-5401 | 93.667 | 142,351 |
| Medical Assistance Program | G-1415-11-5401 | 93.778 | <u>290,356</u> |
| Total U.S. Department of Health and Human Services | | | 1,569,156 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| <i>Passed Through Ohio Emergency Management Agency</i> | | | |
| Emergency Management Performance Grants: | | | |
| FY12 Emergency Management Performance Grants | EMW-2013-EP-00060-S01 | 97.042 | 10,101 |
| FY13 Emergency Management Performance Grants | EMW-2014-EP-00064 | | 12,790 |
| Total Emergency Management Performance Grants | | | <u>22,891</u> |
| Homeland Security Grant Program: FY11 State Homeland Security Program | EMW-2011-SS-00070 | 97.067 | <u>7,773</u> |
| Total U.S. Department of Homeland Security | | | <u>30,664</u> |
| Total Federal Awards Expenditures | | | <u>\$2,822,974</u> |

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

MONROE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Development and the Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the government 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 C - 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 D – 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 E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons. 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.

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 2014 is as follows:

| | |
|-------------------------------------------------------------------------|-----------------|
| Beginning loans receivable balance as of January 1, 2014 | \$65,328 |
| Loans made | 0 |
| Loan principal repaid | (16,903) |
| Ending loans receivable balance as of December 31, 2014 | <u>\$48,425</u> |
| | |
| Cash balance on hand in the revolving loan fund as of December 31, 2014 | \$99,875 |
| Administrative costs expended during 2014 | 4,292 |
| Community project expended during 2014 | 10,000 |

MONROE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

**NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS
(Continued)**

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2014, the County estimates \$6,156 to be uncollectible.

NOTE F - 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.

This page intentionally left blank.



Dave Yost • Auditor of State

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

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, 2014, 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 8, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Workforce Investment Act (WIA) National Emergency Grant

As described in Finding 2014-001 in the accompanying Schedule of Findings, the County did not comply with the requirements regarding cash management applicable to its WIA National Emergency Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on Workforce Investment Act (WIA) National Emergency Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on WIA National Emergency Grant* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its WIA National Emergency Grant for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2014.

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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2014-001 to be a material weakness.

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

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015

This page intentionally left blank.

MONROE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material control weaknesses 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 internal control weaknesses reported for major federal programs? | Yes |
| (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 <ul style="list-style-type: none"> • Unmodified for all major programs except the WIA National Emergency Grant • WIA National Emergency Grant was unmodified except Cash Management was qualified. | |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | Yes |
| (d)(1)(vii) | Major Programs (list): <ul style="list-style-type: none"> • CFDA #17.258, 17.259 and 17.278 - Workforce Investment Act (WIA) Cluster • CFDA #17.277 - WIA National Emergency Grants • 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: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

None.

MONROE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014
(Continued)

| |
|--------------------------------------|
| 3. FINDING FOR FEDERAL AWARDS |
|--------------------------------------|

| | |
|------------------------------------|----------------------------------------------|
| Finding Number | 2014-001 |
| CFDA Title and Number | WIA National Emergency Grants – CFDA #17.277 |
| Federal Award Number / Year | 2014 |
| Federal Agency | U.S. Department of Labor |
| Pass-Through Agency | Workforce Investment Act Area 15 |

Noncompliance and Material Weakness - Cash Management

29 C.F.R. § 97.20(b)(7) provides that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

31 C.F.R. § 205.33(a) provides that a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102.

The Ohio Department of Job and Family Services (ODJFS) currently has a 10 day disbursement cycle. Excessive cash balances were maintained in the Workforce Investment Act (WIA) National Emergency Grants (NEG) fund. During 2014, 33% of drawdowns tested were not expended within the required 10 days.

Noncompliance with this requirement could cause the County to return any interest earned to ODJFS on these excess monies.

The Monroe County Department of Job and Family Services should modify its cash management procedures for NEG funds to ensure the cash requests are for immediate needs.

Officials' Response: See the Corrective Action Plan on page 82 for response.

MONROE COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2014**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 2013-001 | Significant Deficiency – The County classified a five year municipal lease loan as short-term instead of a long-term loan. | Yes | N/A. |
| 2013-002 | Noncompliance and Material Weakness – Excessive cash balances maintained in the Workforce Investment Act (WIA) and the WIA National Emergency Grant funds as drawdowns were not expended within the required 10 days. | No | Partially Corrected; Repeated as Finding Number 2014-001 for the WIA National Emergency Grant. |

MONROE COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2014**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------|
| 2014-001 | This grant has now ended and therefore the issue has resolved, however, we are always mindful of cash management procedures and attempt to adhere to the federal rules. I will be following up with our fiscal staff at Ohio Department of Job & Family Services (ODJFS) because we are told different things at their level and we need to better clarify their meaning. | December 31, 2015 | Jeanette Harter, Monroe County JFS Director |



Dave Yost • Auditor of State

MONROE COUNTY FINANCIAL CONDITION

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, 2015