



Dave Yost • Auditor of State

ASHLAND COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the 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 Ashland County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

This 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information 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 July 29, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

July 29, 2016

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Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position decreased \$448,560, or 1 percent. Governmental activities decreased 1 percent and there was virtually no change for business-type activities.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ashland County's financial position.

The statement of net position and the statement of activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column. The County's major funds are the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Developmental Disabilities; and Landfill funds.

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2015. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the County as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. The causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base and the condition of the County's capital assets. These factors must be considered when assessing the overall health of the County.

In the statement of net position and the statement of activities, the County is divided into two distinct types 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 conservation and recreation. These services are funded primarily by property and sales taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Ashland County
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Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The landfill and recycling services are reported here.

Reporting the County's Most Significant Funds

Fund financial statements provide detailed information about the County's major funds, the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Developmental Disabilities; and Landfill funds. While the County uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The County's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which 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.

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 County'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 help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The County's proprietary funds consist of enterprise funds. Enterprise funds use the accrual basis of accounting and 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 these funds are not available to support the County's programs. These funds also use the accrual basis of accounting.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2015 and 2014.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<u>Assets</u>						
Current and Other Assets	\$29,750,181	\$29,493,994	\$413,695	\$432,157	\$30,163,876	\$29,926,151
Capital Assets, Net	35,148,595	36,961,741	289,245	303,708	35,437,840	37,265,449
Total Assets	<u>64,898,776</u>	<u>66,455,735</u>	<u>702,940</u>	<u>735,865</u>	<u>65,601,716</u>	<u>67,191,600</u>
<u>Deferred Outflows of Resources</u>						
Pension	<u>2,261,741</u>	<u>1,516,608</u>	<u>21,562</u>	<u>14,748</u>	<u>2,283,303</u>	<u>1,531,356</u>
<u>Liabilities</u>						
Current and Other Liabilities	1,267,356	1,697,074	31,590	21,135	1,298,946	1,718,209
Long-Term Liabilities						
Pension	13,685,974	13,199,042	120,590	117,867	13,806,564	13,316,909
Other Amounts	<u>2,259,883</u>	<u>2,462,638</u>	<u>1,419,498</u>	<u>1,491,803</u>	<u>3,679,381</u>	<u>3,954,441</u>
Total Liabilities	<u>17,213,213</u>	<u>17,358,754</u>	<u>1,571,678</u>	<u>1,630,805</u>	<u>18,784,891</u>	<u>18,989,559</u>
<u>Deferred Inflows of Resources</u>						
Pension	335,413	283,096	2,119	0	337,532	283,096
Other Amounts	<u>6,888,124</u>	<u>7,127,269</u>	<u>0</u>	<u>0</u>	<u>6,888,124</u>	<u>7,127,269</u>
Total Deferred Inflows of Resources	<u>7,223,537</u>	<u>7,410,365</u>	<u>2,119</u>	<u>0</u>	<u>7,225,656</u>	<u>7,410,365</u>
<u>Net Position</u>						
Net Investment in Capital Assets	34,216,111	35,684,257	289,245	303,708	34,505,356	35,987,965
Restricted	14,798,203	15,211,713	0	0	14,798,203	15,211,713
Unrestricted (Deficit)	<u>(6,290,547)</u>	<u>(7,692,746)</u>	<u>(1,138,540)</u>	<u>(1,183,900)</u>	<u>(7,429,087)</u>	<u>(8,876,646)</u>
Total Net Position (Deficit)	<u>\$42,723,767</u>	<u>\$43,203,224</u>	<u>(\$849,295)</u>	<u>(\$880,192)</u>	<u>\$41,874,472</u>	<u>\$42,323,032</u>

Ashland County
Management's Discussion and Analysis
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During year 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the County's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

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

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

In accordance with GASB Statement No. 68, the County's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred outflows/inflows.

Ashland County
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As a result of implementing GASB Statement No. 68, the County is reporting a net pension liability and deferred outflows/inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$54,391,681 to \$42,323,032.

The change in net position for governmental activities was not significant (1 percent decrease); as a result, the above table reflects few changes of significance. The decrease in net capital assets was primarily due to annual depreciation expense. A substantial contributing factor to the decrease in current and other liabilities was the credit on workers' compensation premiums issued by the State of Ohio to local governments. The decrease in other long-term liabilities primarily represents the retirement of debt.

Net position for business-type activities was essentially unchanged from the prior year. The decrease in other long-term liabilities is due to a reduction in the liability for postclosure costs at the landfill.

Table 2 reflects the change in net position for 2015 and 2014.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,974,305	\$3,758,708	\$845,085	\$884,355	\$4,819,390	\$4,643,063
Operating Grants, Contributions, and Interest	16,259,272	14,708,172	0	0	16,259,272	14,708,172
Capital Grants and Contributions	0	1,608,801	0	0	0	1,608,801
Total Program Revenues	<u>20,233,577</u>	<u>20,075,681</u>	<u>845,085</u>	<u>884,355</u>	<u>21,078,662</u>	<u>20,960,036</u>
General Revenues						
Property Taxes Levied for						
General Operations	2,302,221	2,221,788	0	0	2,302,221	2,221,788
Health-Alcohol, Drug Addiction, and Mental Health Services	851,430	847,599	0	0	851,430	847,599
Health-Developmental Disabilities	3,442,292	3,414,959	0	0	3,442,292	3,414,959
Health-Other	510,425	507,814	0	0	510,425	507,814
Payment in Lieu of Taxes	19,872	19,872	0	0	19,872	19,872
Permissive Sales Taxes Levied for						
General Operations	6,143,236	5,912,031	0	0	6,143,236	5,912,031
County Jail Operations	1,196,504	1,112,797	0	0	1,196,504	1,112,797
Debt Service	368,100	379,800	0	0	368,100	379,800
Capital Projects	116,054	59,718	0	0	116,054	59,718
Other Local Taxes	4,407	3,901	0	0	4,407	3,901
Grants and Entitlements	2,245,049	2,140,260	0	0	2,245,049	2,140,260
Interest	62,360	70,736	0	0	62,360	70,736
Other	662,729	1,138,885	1,470	2,287	664,199	1,141,172
Total General Revenues	<u>17,924,679</u>	<u>17,830,160</u>	<u>1,470</u>	<u>2,287</u>	<u>17,926,149</u>	<u>17,832,447</u>
Total Revenues	<u>38,158,256</u>	<u>37,905,841</u>	<u>846,555</u>	<u>886,642</u>	<u>39,004,811</u>	<u>38,792,483</u>

(continued)

Ashland County
Management's Discussion and Analysis
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Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<u>Program Expenses</u>						
General Government						
Legislative and Executive	\$4,858,363	\$5,045,047	\$0	\$0	\$4,858,363	\$5,045,047
Judicial	1,901,493	1,916,178	0	0	1,901,493	1,916,178
Public Safety						
Sheriff	6,448,121	6,136,111	0	0	6,448,121	6,136,111
Other	229,798	326,673	0	0	229,798	326,673
Public Works	6,980,879	6,372,710	0	0	6,980,879	6,372,710
Health						
Alcohol, Drug Addiction, and Mental Health Services	2,483,318	3,567,496	0	0	2,483,318	3,567,496
Developmental Disabilities	7,514,370	8,301,467	0	0	7,514,370	8,301,467
Other	955,694	937,985	0	0	955,694	937,985
Human Services						
Children Services	2,234,358	2,041,803	0	0	2,234,358	2,041,803
Job and Family Services	2,971,592	2,733,950	0	0	2,971,592	2,733,950
Other	1,283,638	1,262,369	0	0	1,283,638	1,262,369
Conservation and Recreation	46,111	63,099	0	0	46,111	63,099
Intergovernmental	701,860	222,018	0	0	701,860	222,018
Interest and Fiscal Charges	28,118	35,024	0	0	28,118	35,024
Landfill	0	0	301,425	256,492	301,425	256,492
Recycling	0	0	514,233	594,440	514,233	594,440
Total Expenses	<u>38,637,713</u>	<u>38,961,930</u>	<u>815,658</u>	<u>850,932</u>	<u>39,453,371</u>	<u>39,812,862</u>
Increase (Decrease) in Net Position	(479,457)	(1,056,089)	30,897	35,710	(448,560)	(1,020,379)
Net Position (Deficit) Beginning of Year	43,203,224	n/a	(880,192)	n/a	42,323,032	n/a
Net Position (Deficit) End of Year	<u>\$42,723,767</u>	<u>\$43,203,224</u>	<u>(\$849,295)</u>	<u>(\$880,192)</u>	<u>\$41,874,472</u>	<u>\$42,323,032</u>

The information necessary to restate the 2014 beginning balance and the 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,563,065 computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB Statement No. 68, pension expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of pension expense. Under GASB Statement No. 68, the fiscal year 2015 statements report pension expense of \$1,396,915. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed.

	Governmental Activities	Business-Type Activities	Total
Total 2015 Program Expenses under GASB Statement No. 68	\$38,637,713	\$815,658	\$39,453,371
Pension Expense under GASB Statement No. 68	(1,383,759)	(13,156)	(1,396,915)
2015 Contractually Required Contribution	1,589,643	15,128	1,604,771
Adjusted 2015 Program Expenses	<u>38,843,597</u>	<u>817,630</u>	<u>39,661,227</u>
Total 2014 Program Expenses under GASB Statement No. 27	<u>38,961,930</u>	<u>850,932</u>	<u>39,812,862</u>
Decrease in Program Expenses not Related to Pension	<u>(\$118,333)</u>	<u>(\$33,302)</u>	<u>(\$151,635)</u>

Ashland County
Management's Discussion and Analysis
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For governmental activities, there was little change in program revenues overall; however, there was an increase in operating grants and contributions based on State funding for job and family services, children's services, and the child support and enforcement activities. This was offset by a decrease in capital grants and contributions related to resources received in the prior year for bridge projects. There was a modest increase in general revenues.

Governmental activities expenses decreased slightly (less than 1 percent). The programs having the greatest costs continue to be for legislative and executive (which are the primary general government operations); the sheriff; the engineer; alcohol, drug addiction, and mental health services, developmental disabilities (Dale Roy), and job and family services activities (including children's services). These programs account for 87 percent of all governmental expenses.

For business-type activities, net position was largely unchanged from the prior year. There was a decrease in both revenues and expenses from the prior year.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General Government:				
Legislative and Executive	\$4,858,363	\$5,045,047	\$3,007,701	\$3,354,045
Judicial	1,901,493	1,916,178	564,976	535,821
Public Safety				
Sheriff	6,448,121	6,136,111	5,779,741	5,506,621
Other	229,798	326,673	177,476	290,773
Public Works	6,980,879	6,372,710	988,009	(28,984)
Health				
Alcohol, Drug Addiction and Mental Health Services	2,483,318	3,567,496	701,248	1,841,630
Developmental Disabilities	7,514,370	8,301,467	4,812,886	5,210,887
Other	955,694	937,985	694,111	671,156
Human Services				
Children Services	2,234,358	2,041,803	1,170,329	1,001,489
Job and Family Services	2,971,592	2,733,950	(4,488)	179,537
Other	1,283,638	1,262,369	312,960	233,166
Conservation and Recreation	46,111	63,099	46,111	63,099
Intergovernmental	701,860	222,018	124,958	(8,015)
Interest and Fiscal Charges	28,118	35,024	28,118	35,024
Total Expenses	<u>\$38,637,713</u>	<u>\$38,961,930</u>	<u>\$18,404,136</u>	<u>\$18,886,249</u>

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) supported 48 percent of the governmental programs provided by the County (48 percent in 2014). A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 38 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 70 percent of its costs through various fines, court costs, and grants. The public works program is provided for through program revenues, primarily motor vehicle license and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Various operating grants provided for 72 percent of the costs for alcohol, drug addiction, and mental health services programs, 36 percent of the costs for developmental disabilities programs, and all of the costs of the job and family services program.

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities special revenue funds.

The General Fund had a 21 percent increase in fund balance from the prior year. Both revenues and expenditures were very similar to the prior year; the increase is simply due to revenues exceeding expenditures.

Fund balance increased 10 percent in the Motor Vehicle and Gasoline Tax Fund despite a decrease in both revenues and expenditures. Activity in this fund fluctuates from year to year based on road and bridge repair/replacement needs.

Fund balance decreased 15 percent in the Job and Family Services Fund. There was a similar increase in both revenues and expenditures but expenditures were greater than revenues for 2015.

There was an increase in fund balance for the Alcohol, Drug Addiction, and Mental Health Services Fund due to a 30 percent decrease in expenditures. Expenditures fluctuate annually dependent on client needs.

Fund balance decreased in the Developmental Disabilities Fund despite a 10 percent decrease in expenditures. Activity of this fund also fluctuates annually dependent on client needs.

Business-Type Activities Financial Analysis

The landfill had an operating income in 2015 for the second year in a row and after more than ten years of operating losses. The County closed its landfill in 1997 and costs are currently related to postclosure activities.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Budgetary Highlights

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were largely due to improved sales tax revenue expectations as the economy continues to rebound and for intergovernmental resources due to conservative original estimates. Changes from the final budget to actual revenues were minimal. For expenditures, changes from the original budget to the final budget were made to coincide with anticipated revenue adjustments. The most significant change from the final budget to actual expenditures was in the legislative and executive program due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2015, was \$34,216,111 and \$289,245, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road improvements and the completion of the HVAC project at County office building. Disposals were minimal. For business-type activities, there were no additions or disposals. For further information regarding the County's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2015, the County had outstanding general obligation bonds and loans, in the amount of \$915,000 and \$94,434, respectively. In addition, the County's long-term obligations also include the net pension liability, compensated absences, and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 18 and 19 to the basic financial statements.

Current Issues

The County's General Fund experienced a slight increase in revenue in 2015.

The Ashland County Sheriff will no longer be handling dispatch services for the City of Ashland, as the City decided to create a regional dispatch center located in Wooster, Ohio. As a result, the Sheriff's office will see a loss of revenue due to costs that were reimbursed by the City.

The County is still trying to get control of the costs for children services needs.

Request 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 County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Cindy Funk, Ashland County Auditor, 142 West Second Street, Ashland, Ohio 44805.

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Ashland County
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$15,232,075	\$353,224	\$15,585,299
Cash and Cash Equivalents in Segregated Accounts	218	11,591	11,809
Accounts Receivable	1,492	37,914	39,406
Accrued Interest Receivable	19,607	0	19,607
Permissive Sales Taxes Receivable	2,098,101	0	2,098,101
Other Local Taxes Receivable	15,144	0	15,144
Due from Other Governments	4,069,490	0	4,069,490
Prepaid Items	66,987	0	66,987
Materials and Supplies Inventory	953,170	0	953,170
Inventory Held for Resale	0	10,966	10,966
Property Taxes Receivable	7,276,397	0	7,276,397
Payment in Lieu of Taxes Receivable	17,500	0	17,500
Nondepreciable Capital Assets	820,937	118,865	939,802
Depreciable Capital Assets, Net	34,327,658	170,380	34,498,038
Total Assets	64,898,776	702,940	65,601,716
<u>Deferred Outflows of Resources</u>			
Pension	2,261,741	21,562	2,283,303
<u>Liabilities</u>			
Accrued Wages Payable	259,862	9,726	269,588
Accounts Payable	643,434	16,851	660,285
Contracts Payable	12,470	0	12,470
Due to Other Governments	334,972	5,013	339,985
Matured Compensated Absences Payable	630	0	630
Retainage Payable	13,908	0	13,908
Accrued Interest Payable	2,080	0	2,080
Long-Term Liabilities:			
Due Within One Year	802,397	82,422	884,819
Due in More Than One Year			
Net Pension Liability	13,685,974	120,590	13,806,564
Other Amounts Due in More Than One Year	1,457,486	1,337,076	2,794,562
Total Liabilities	17,213,213	1,571,678	18,784,891
<u>Deferred Inflows of Resources</u>			
Property Taxes	6,870,624	0	6,870,624
Payment in Lieu of Taxes	17,500	0	17,500
Pension	335,413	2,119	337,532
Total Deferred Inflows of Resources	7,223,537	2,119	7,225,656
<u>Net Position</u>			
Net Investment in Capital Assets	34,216,111	289,245	34,505,356
Restricted for:			
Debt Service	528,696	0	528,696
Public Works	3,690,701	0	3,690,701
Alcohol, Drug Addiction, and Mental Health			
Services	1,582,038	0	1,582,038
Developmental Disabilities	3,819,543	0	3,819,543
Children Services	619,788		619,788
Real Estate Assessment	1,200,777	0	1,200,777
County Jail	598,756	0	598,756
Other Purposes	2,757,904	0	2,757,904
Unrestricted (Deficit)	(6,290,547)	(1,138,540)	(7,429,087)
Total Net Position (Deficit)	\$42,723,767	(\$849,295)	\$41,874,472

See Accompanying Notes to the Basic Financial Statements

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

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
<u>Governmental Activities</u>			
General Government			
Legislative and Executive	\$4,858,363	\$1,850,444	\$218
Judicial	1,901,493	1,103,205	233,312
Public Safety			
Sheriff	6,448,121	441,749	226,631
Other	229,798	1,178	51,144
Public Works	6,980,879	224,043	5,768,827
Health			
Alcohol, Drug Addiction, and Mental Health Services	2,483,318	0	1,782,070
Developmental Disabilities	7,514,370	0	2,701,484
Other	955,694	166,521	95,062
Human Services			
Children Services	2,234,358	0	1,064,029
Job and Family Services	2,971,592	0	2,976,080
Other	1,283,638	187,165	783,513
Conservation and Recreation	46,111	0	0
Intergovernmental	701,860	0	576,902
Interest and Fiscal Charges	28,118	0	0
Total Governmental Activities	<u>38,637,713</u>	<u>3,974,305</u>	<u>16,259,272</u>
<u>Business-Type Activities</u>			
Landfill	301,425	361,903	0
Recycling	514,233	483,182	0
Total Business-Type Activities	<u>815,658</u>	<u>845,085</u>	<u>0</u>
Total	<u>\$39,453,371</u>	<u>\$4,819,390</u>	<u>\$16,259,272</u>

General Revenues

Property Taxes Levied for
 General Operations
 Health-Alcohol, Drug Addiction, and Mental Health Services
 Health-Developmental Disabilities
 Health-Other
Payment in Lieu of Taxes
Permissive Sales Taxes Levied for
 General Operations
 County Jail Operations
 Debt Service
 Capital Projects
 Other Local Taxes
Grants and Entitlements not Restricted for Specific Programs
Interest
Other

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year - Restated (Note 3)

Net Position (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$3,007,701)	\$0	(\$3,007,701)
(564,976)	0	(564,976)
(5,779,741)	0	(5,779,741)
(177,476)	0	(177,476)
(988,009)	0	(988,009)
(701,248)	0	(701,248)
(4,812,886)	0	(4,812,886)
(694,111)	0	(694,111)
(1,170,329)	0	(1,170,329)
4,488	0	4,488
(312,960)	0	(312,960)
(46,111)	0	(46,111)
(124,958)	0	(124,958)
(28,118)	0	(28,118)
<u>(18,404,136)</u>	<u>0</u>	<u>(18,404,136)</u>
0	60,478	60,478
0	(31,051)	(31,051)
0	29,427	29,427
<u>(18,404,136)</u>	<u>29,427</u>	<u>(18,374,709)</u>
2,302,221	0	2,302,221
851,430	0	851,430
3,442,292	0	3,442,292
510,425	0	510,425
19,872	0	19,872
6,143,236	0	6,143,236
1,196,504	0	1,196,504
368,100	0	368,100
116,054	0	116,054
4,407	0	4,407
2,245,049	0	2,245,049
62,360	0	62,360
662,729	1,470	664,199
<u>17,924,679</u>	<u>1,470</u>	<u>17,926,149</u>
(479,457)	30,897	(448,560)
<u>43,203,224</u>	<u>(880,192)</u>	<u>42,323,032</u>
<u>\$42,723,767</u>	<u>(\$849,295)</u>	<u>\$41,874,472</u>

Ashland County
Balance Sheet
Governmental Funds
December 31, 2015

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,279,527	\$944,741	\$538,718	\$1,589,978
Cash and Cash Equivalents in Segregated Accounts	218	0	0	0
Accounts Receivable	1,248	116	0	0
Accrued Interest Receivable	19,333	148	0	0
Permissive Sales Taxes Receivable	1,644,955	0	0	0
Other Local Taxes Receivable	0	15,144	0	0
Due from Other Governments	713,335	2,058,560	326,191	73,841
Interfund Receivable	11,265	0	282,038	0
Prepaid Items	66,987	0	0	0
Materials and Supplies Inventory	28,889	901,730	6,883	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	62,194	0	0	0
Property Taxes Receivable	2,125,143	0	0	905,569
Payment in Lieu of Taxes Receivable	8,400	0	0	0
Total Assets	\$7,961,494	\$3,920,439	\$1,153,830	\$2,569,388
<u>Liabilities</u>				
Accrued Wages Payable	\$88,266	\$38,710	\$54,859	\$7,034
Accounts Payable	89,255	105,968	35,766	92,461
Contracts Payable	0	371	0	0
Due to Other Governments	169,893	21,422	36,802	5,379
Interfund Payable	0	0	1,025	10,040
Matured Compensated Absences Payable	0	0	0	0
Retainage Payable	0	0	0	0
Total Liabilities	347,414	166,471	128,452	114,914
<u>Deferred Inflows of Resources</u>				
Property Taxes	2,006,633	0	0	855,069
Payment in Lieu of Taxes	8,400	0	0	0
Unavailable Revenue	1,758,165	1,749,561	326,191	118,798
Total Deferred Inflows of Resources	3,773,198	1,749,561	326,191	973,867
<u>Fund Balances</u>				
Nonspendable	158,070	901,730	6,883	0
Restricted	7,889	1,102,677	692,304	1,480,607
Committed	2,139	0	0	0
Assigned	1,384,223	0	0	0
Unassigned	2,288,561	0	0	0
Total Fund Balances	3,840,882	2,004,407	699,187	1,480,607
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$7,961,494	\$3,920,439	\$1,153,830	\$2,569,388

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,641,812	\$5,175,105	\$15,169,881
0	0	218
128	0	1,492
105	21	19,607
0	453,146	2,098,101
0	0	15,144
326,429	571,134	4,069,490
0	17,244	310,547
0	0	66,987
11,971	3,697	953,170
0	0	62,194
3,694,858	550,827	7,276,397
9,100	0	17,500
<u>\$7,684,403</u>	<u>\$6,771,174</u>	<u>\$30,060,728</u>
\$44,720	\$26,273	\$259,862
56,859	263,125	643,434
0	12,099	12,470
72,658	28,818	334,972
0	299,482	310,547
630	0	630
0	13,908	13,908
<u>174,867</u>	<u>643,705</u>	<u>1,575,823</u>
3,488,812	520,110	6,870,624
9,100	0	17,500
<u>524,272</u>	<u>626,474</u>	<u>5,103,461</u>
<u>4,022,184</u>	<u>1,146,584</u>	<u>11,991,585</u>
11,971	3,697	1,082,351
3,475,381	4,332,414	11,091,272
0	644,774	646,913
0	0	1,384,223
0	0	2,288,561
<u>3,487,352</u>	<u>4,980,885</u>	<u>16,493,320</u>
<u>\$7,684,403</u>	<u>\$6,771,174</u>	<u>\$30,060,728</u>

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

Total Governmental Fund Balances \$16,493,320

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 35,148,595

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	116	
Accrued Interest Receivable	15,187	
Permissive Sales Taxes Receivable	1,444,941	
Due from Other Governments	3,237,444	
Delinquent Property Taxes Receivable	405,773	
		5,103,461

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(2,080)	
General Obligation Bonds Payable	(915,000)	
Loan Payable	(94,434)	
Compensated Absences Payable	(1,250,449)	
		(2,261,963)

The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.

Deferred Outflows - Pension	2,261,741	
Deferred Inflows - Pension	(335,413)	
Net Pension Liability	(13,685,974)	
		(11,759,646)

Net Position of Governmental Activities \$42,723,767

See Accompanying Notes to the Basic Financial Statements

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

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,313,554	\$0	\$0	\$851,092
Payment in Lieu of Taxes	9,315	0	0	0
Permissive Sales Taxes	6,055,637	0	0	0
Other Local Taxes	4,407	193,107	0	0
Charges for Services	1,975,809	0	0	0
Licenses and Permits	2,790	0	0	0
Fines and Forfeitures	87,895	30,515	0	0
Intergovernmental	2,159,784	5,424,795	2,356,490	1,887,064
Interest	57,049	1,665	0	0
Other	314,724	20,067	53,961	174,929
Total Revenues	12,980,964	5,670,149	2,410,451	2,913,085
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,239,825	0	0	0
Judicial	1,425,931	0	0	0
Public Safety				
Sheriff	4,449,022	0	0	0
Other	194,514	0	0	0
Public Works	75,331	5,493,642	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	2,478,838
Mental Retardation and Developmental Disabilities	0	0	0	0
Other	176,688	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,620,535	0
Other	319,568	0	0	0
Conservation and Recreation	26,850	0	0	0
Intergovernmental	64,975	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	10,972,704	5,493,642	2,620,535	2,478,838
Excess of Revenues Over (Under) Expenditures	2,008,260	176,507	(210,084)	434,247
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	84,522	0
Transfers Out	(1,333,524)	0	0	0
Total Other Financing Sources (Uses)	(1,333,524)	0	84,522	0
Changes in Fund Balances	674,736	176,507	(125,562)	434,247
Fund Balances Beginning of Year	3,166,146	1,827,900	824,749	1,046,360
Fund Balances End of Year	\$3,840,882	\$2,004,407	\$699,187	\$1,480,607

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,438,970	\$509,756	\$7,113,372
10,557	0	19,872
0	1,643,059	7,698,696
0	0	197,514
0	1,124,722	3,100,531
0	271,863	274,653
0	183,413	301,823
2,888,077	3,656,227	18,372,437
2,792	948	62,454
154,626	322,592	1,040,899
<u>6,495,022</u>	<u>7,712,580</u>	<u>38,182,251</u>
0	640,571	4,880,396
0	481,591	1,907,522
0	1,686,421	6,135,443
0	33,716	228,230
0	17,648	5,586,621
0	0	2,478,838
7,446,298	0	7,446,298
0	777,856	954,544
0	2,234,358	2,234,358
0	370,618	2,991,153
0	968,407	1,287,975
0	0	26,850
0	636,885	701,860
0	345,000	345,000
0	28,750	28,750
<u>7,446,298</u>	<u>8,221,821</u>	<u>37,233,838</u>
<u>(951,276)</u>	<u>(509,241)</u>	<u>948,413</u>
0	1,249,002	1,333,524
0	0	(1,333,524)
<u>0</u>	<u>1,249,002</u>	<u>0</u>
(951,276)	739,761	948,413
<u>4,438,628</u>	<u>4,241,124</u>	<u>15,544,907</u>
<u>\$3,487,352</u>	<u>\$4,980,885</u>	<u>\$16,493,320</u>

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

Changes in Fund Balances - Total Governmental Funds \$948,413

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

Governmental funds report capital outlays as expenditures. However, on 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 depreciation exceeded capital outlay in the current year.

Capital Outlay - Nondepreciable Capital Assets	60,683	
Capital Outlay - Depreciable Capital Assets	982,882	
Depreciation	<u>(2,856,711)</u>	(1,813,146)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	(7,004)	
Permissive Sales Taxes	125,198	
Intergovernmental	(142,882)	
Interest	1,793	
Other	<u>(1,100)</u>	(23,995)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position. 345,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net position. 632

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (142,245)

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities. (1,383,759)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows or a reduction in the net pension liability 1,589,643

Change in Net Position of Governmental Activities (\$479,457)

See Accompanying Notes to the Basic Financial Statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$2,206,750	\$2,315,750	\$2,315,462	(\$288)
Payment in Lieu of Taxes	9,315	9,315	9,315	0
Permissive Sales Taxes	5,625,000	5,997,000	6,008,803	11,803
Other Local Taxes	3,500	3,500	4,407	907
Charges for Services	1,620,092	1,896,092	1,966,307	70,215
Licenses and Permits	2,100	2,100	2,780	680
Fines and Forfeitures	108,800	108,800	88,597	(20,203)
Intergovernmental	1,816,168	2,143,968	2,145,583	1,615
Interest	52,060	52,060	56,060	4,000
Other	17,500	335,200	345,518	10,318
Total Revenues	11,461,285	12,863,785	12,942,832	79,047
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,723,185	4,730,064	4,472,981	257,083
Judicial	1,467,989	1,516,480	1,424,022	92,458
Public Safety				
Sheriff	3,853,622	4,481,713	4,439,050	42,663
Other	224,921	224,107	196,934	27,173
Public Works	79,267	78,939	73,712	5,227
Health				
Other	177,121	179,177	176,677	2,500
Human Services				
Other	383,707	382,519	327,615	54,904
Conservation and Recreation	26,850	26,850	26,850	0
Intergovernmental	65,000	65,000	65,000	0
Total Expenditures	11,001,662	11,684,849	11,202,841	482,008
Excess of Revenues Over Expenditures	459,623	1,178,936	1,739,991	561,055
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	27,000	27,000	15,356	(11,644)
Transfers Out	(1,347,500)	(1,672,931)	(1,333,524)	339,407
Total Other Financing Sources (Uses)	(1,320,500)	(1,645,931)	(1,318,168)	327,763
Changes in Fund Balance	(860,877)	(466,995)	421,823	888,818
Fund Balance Beginning of Year	2,402,465	2,402,465	2,402,465	0
Prior Year Encumbrances Appropriated	229,192	229,192	229,192	0
Fund Balance End of Year	\$1,770,780	\$2,164,662	\$3,053,480	\$888,818

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Other Local Taxes	\$178,000	\$195,000	\$195,542	\$542
Fines and Forfeitures	51,000	31,000	29,743	(1,257)
Intergovernmental	5,340,204	5,340,204	5,430,262	90,058
Interest	500	500	1,665	1,165
Other	524,589	124,589	19,525	(105,064)
	<u>6,094,293</u>	<u>5,691,293</u>	<u>5,676,737</u>	<u>(14,556)</u>
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	6,739,304	6,329,404	5,468,628	860,776
Road and Bridge	66,300	44,994	16,648	28,346
	<u>6,805,604</u>	<u>6,374,398</u>	<u>5,485,276</u>	<u>889,122</u>
Total Expenditures	<u>6,805,604</u>	<u>6,374,398</u>	<u>5,485,276</u>	<u>889,122</u>
Changes in Fund Balance	(711,311)	(683,105)	191,461	874,566
Fund Balance Beginning of Year	608,834	608,834	608,834	0
Prior Year Encumbrances Appropriated	107,011	107,011	107,011	0
Fund Balance End of Year	<u>\$4,534</u>	<u>\$32,740</u>	<u>\$907,306</u>	<u>\$874,566</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$2,488,915	\$2,511,915	\$2,551,220	\$39,305
Other	72,000	72,000	52,951	(19,049)
Total Revenues	2,560,915	2,583,915	2,604,171	20,256
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	2,666,522	2,901,522	2,652,529	248,993
Excess of Revenues Under Expenditures	(105,607)	(317,607)	(48,358)	269,249
<u>Other Financing Sources</u>				
Loan Issued	11,085	11,085	11,085	0
Transfers In	94,522	94,522	84,522	(10,000)
Total Other Financing Sources	105,607	105,607	95,607	(10,000)
Changes in Fund Balance	0	(212,000)	47,249	259,249
Fund Balance Beginning of Year	490,459	490,459	490,459	0
Fund Balance End of Year	<u>\$490,459</u>	<u>\$278,459</u>	<u>\$537,708</u>	<u>\$259,249</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Alcohol, Drug Addiction, and Mental Health Services Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$841,650	\$853,650	\$851,695	(\$1,955)
Intergovernmental	1,663,217	1,911,809	1,887,088	(24,721)
Other	223,875	172,875	174,929	2,054
	<u>2,728,742</u>	<u>2,938,334</u>	<u>2,913,712</u>	<u>(24,622)</u>
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	<u>3,025,815</u>	<u>3,047,406</u>	<u>2,884,884</u>	<u>162,522</u>
Changes in Fund Balance	(297,073)	(109,072)	28,828	137,900
Fund Balance Beginning of Year	959,187	959,187	959,187	0
Prior Year Encumbrances Appropriated	<u>233,244</u>	<u>233,244</u>	<u>233,244</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$895,358</u></u>	<u><u>\$1,083,359</u></u>	<u><u>\$1,221,259</u></u>	<u><u>\$137,900</u></u>

See Accompanying Notes to the Basic Financial Statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$3,473,320	\$3,473,320	\$3,441,725	(\$31,595)
Payment in Lieu of Taxes	10,557	10,557	10,557	0
Intergovernmental	2,797,179	2,987,179	3,075,637	88,458
Interest	20,000	2,000	2,792	792
Other	137,443	169,656	154,498	(15,158)
	<u>6,438,499</u>	<u>6,642,712</u>	<u>6,685,209</u>	<u>42,497</u>
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	<u>7,666,867</u>	<u>8,422,423</u>	<u>7,764,373</u>	<u>658,050</u>
Changes in Fund Balance	(1,228,368)	(1,779,711)	(1,079,164)	700,547
Fund Balance Beginning of Year	<u>4,608,882</u>	<u>4,608,882</u>	<u>4,608,882</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,380,514</u></u>	<u><u>\$2,829,171</u></u>	<u><u>\$3,529,718</u></u>	<u><u>\$700,547</u></u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Fund Net Position
Enterprise Funds
December 31, 2015

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$76,220	\$3,235	\$79,455
Cash and Cash Equivalents in Segregated Accounts	0	11,591	11,591
Accounts Receivable	31,246	6,668	37,914
Inventory Held for Resale	0	10,966	10,966
Total Current Assets	107,466	32,460	139,926
<u>Non-Current Assets</u>			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	273,769	0	273,769
Nondepreciable Capital Assets	61,465	57,400	118,865
Depreciable Capital Assets, Net	0	170,380	170,380
Total Non-Current Assets	335,234	227,780	563,014
Total Assets	442,700	260,240	702,940
<u>Deferred Outflows of Resources</u>			
Pension	0	21,562	21,562
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	724	9,002	9,726
Accounts Payable	12,157	4,694	16,851
Compensated Absences Payable	1,977	4,990	6,967
Due to Other Governments	881	4,132	5,013
Postclosure Costs Payable	75,455	0	75,455
Total Current Liabilities	91,194	22,818	114,012
<u>Non-Current Liabilities</u>			
Net Pension Liability	0	120,590	120,590
Compensated Absences Payable	1,883	2,909	4,792
Postclosure Costs Payable	1,332,284	0	1,332,284
Total Non-Current Liabilities	1,334,167	123,499	1,457,666
Total Liabilities	1,425,361	146,317	1,571,678
<u>Deferred Inflows of Resources</u>			
Pension	0	2,119	2,119
<u>Net Position</u>			
Net Investment in Capital Assets	61,465	227,780	289,245
Unrestricted (Deficit)	(1,044,126)	(94,414)	(1,138,540)
Total Net Position (Deficit)	(\$982,661)	\$133,366	(\$849,295)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Enterprise Funds
For the Year Ended December 31, 2015

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Operating Revenues</u>			
Charges for Services	\$361,903	\$171,000	\$532,903
Sale of Recyclables	0	312,182	312,182
Other	0	1,470	1,470
	361,903	484,652	846,555
<u>Operating Expenses</u>			
Personal Services	53,717	210,915	264,632
Materials and Supplies	511	7,288	7,799
Contractual Services	56,883	50,648	107,531
Purchase of Recyclables	0	7,284	7,284
Other	190,314	223,635	413,949
Depreciation	0	14,463	14,463
	301,425	514,233	815,658
Changes in Net Position	60,478	(29,581)	30,897
Net Position (Deficit) Beginning of Year - Restated (Note 3)	(1,043,139)	162,947	(880,192)
Net Position (Deficit) End of Year	(\$982,661)	\$133,366	(\$849,295)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2015

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$368,366	\$486,089	\$854,455
Cash Received from Other Revenues	0	1,470	1,470
Cash Payments for Personal Services	(53,855)	(211,714)	(265,569)
Cash Payments to Suppliers	(511)	(7,288)	(7,799)
Cash Payments for Contractual Services	(119,262)	(51,589)	(170,851)
Cash Payments for Other Expenses	(190,314)	(224,309)	(414,623)
Net Cash Provided by (Used for) Operating Activities	4,424	(7,341)	(2,917)
Cash and Cash Equivalents Beginning of Year	345,565	22,167	367,732
Cash and Cash Equivalents End of Year	\$349,989	\$14,826	\$364,815
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>			
Operating Income (Loss)	\$60,478	(\$29,581)	\$30,897
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>			
Depreciation	0	14,463	14,463
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(2,742)	11,003	8,261
Decrease in Interfund Receivable	9,205	0	9,205
Decrease in Inventory Held for Resale	0	7,284	7,284
Increase in Accrued Wages Payable	192	1,287	1,479
Increase (Decrease) in Accounts Payable	10,738	(506)	10,232
Decrease in Interfund Payable	0	(9,205)	(9,205)
Increase (Decrease) in Compensated Absences Payable	(26)	838	812
Decrease in Due to Other Governments	(304)	(952)	(1,256)
Decrease in Postclosure Costs Payable	(73,117)	0	(73,117)
Decrease in Net Pension Liability	0	(2,226)	(2,226)
Decrease in Deferred Outflows - Pension	0	1,230	1,230
Decrease in Deferred Inflows - Pension	0	(976)	(976)
Total Adjustments	(56,054)	22,240	(33,814)
Net Cash Provided by (Used for) Operating Activities	\$4,424	(\$7,341)	(\$2,917)

See Accompanying to the Basic Financial Statements

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

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,465,759
Cash and Cash Equivalents in Segregated Accounts	1,179,435
Other Local Taxes Receivable	12,525
Due from Other Governments	2,026,305
Property Taxes Receivable	50,186,645
Special Assessments Receivable	<u>732,194</u>
 Total Assets	 <u><u>\$56,602,863</u></u>

Liabilities

Due to Other Governments	\$54,487,476
Undistributed Assets	<u>2,115,387</u>
 Total Liabilities	 <u><u>\$56,602,863</u></u>

See Accompanying Notes to the Basic Financial Statements

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Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

Ashland County, Ohio (the County) was created in 1846. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile 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 the chief administrators of public services for the entire County.

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Ashland County in 2015.

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

Ashland County Soil and Water Conservation District
Ashland City-County Health Department
Local Emergency Planning Commission
Ashland County Family and Children First Council

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity (continued)

The County participates in several jointly governed organizations and insurance pools, and is associated with a related organization. These organizations are presented in Notes 22, 23, and 24 to the basic financial statements. These organizations are:

Northern Ohio Juvenile Community Corrections Facility
Ashland Community Improvement Corporation (CIC)
Ashland Area Council for Economic Development
County Risk Sharing Authority, Inc. (CORSA)
County Commissioners Association of Ohio Service Corporation (CCAOSC)
County Employee Benefits Consortium of Ohio, Inc. (CEBCO)
Ashland County Airport Authority

Note 2 - Summary of Significant Accounting Policies

The financial statements of Ashland 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. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature 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 business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. 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 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 governmental program or business activity is self-financing or draws from the general revenues of the County.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the County 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 purpose 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 liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

General - 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.

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

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

Alcohol, Drug Addiction, and Mental Health Services - This fund accounts for a county-wide property tax levy and federal and state grants restricted to paying the costs of contracts with local mental health agencies that provide services to the public.

Developmental Disabilities - This fund accounts for a county-wide property tax levy and federal and state grants restricted for the operation of a school for the developmentally disabled.

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

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

Landfill - This fund accounts for ongoing postclosure activities at the landfill, which closed in 1997. In addition, the fund receives a remittance on the fees collected by the landfill in Richland County for the dumping of Ashland County waste.

The other enterprise fund of the County accounts for operations of the recycling 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 not available to support the County's own programs. The County did not have any trust funds in 2015. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 financial statements and the fund financial statements for governmental funds.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise 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. Governmental funds use the modified accrual basis of accounting; enterprise funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues 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 the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means 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 thirty-one days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the year in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the 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 the 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 both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources are reported on the government-wide and enterprise funds statement of net position for pension and explained in Note 15 to the basic financial statements.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report 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 until that time. For the County, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension are reported on the government-wide and enterprise funds statement of net position and explained in Note 15 to the basic financial statements.

Expenses/Expenditures

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

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the County are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

During 2015, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s net asset value per share, which is the price the investment could be sold for on December 31, 2015.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2015 was \$57,049, which includes \$47,741 assigned from other County funds.

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

G. Prepaid Items

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

H. Inventory

With the exception of the Motor Vehicle and Gasoline Tax special revenue fund, all inventory of the County is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory in the Motor Vehicle and Gasoline Tax special revenue fund is based on average cost. Inventory consists of expendable supplies held for consumption.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that have a legal restriction on their use are reported as restricted. Monies required to be set aside for postclosure costs at the landfill are also reported as restricted.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of fifteen thousand dollars. 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 capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated 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. The County reports all infrastructure, including that acquired prior to 1980.

Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities	Business-Type Activities
Land Improvements	20-50 years	20 years
Buildings	40-125 years	60 years
Building Improvements	20-50 years	n/a
Roads	10-50 years	n/a
Bridges	50 years	n/a
Equipment	5-25 years	10 years
Vehicles	10-20 years	10 years

Note 2 - Summary of Significant Accounting Policies (continued)

K. Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for internal services provided are reported as “Interfund Receivables/Payables”. Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”.

L. 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 termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the County’s past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on length of service and department policy.

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 unpaid leave are paid.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise 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, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and long-term loans are recognized as liabilities on the governmental fund financial statements when due.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance 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 its use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for various law enforcement activities and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

O. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

Committed - The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the County Commissioners. The committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2016 budget. Certain resources have also been assigned for document recording, vehicle titling, and other miscellaneous purposes.

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

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the County, these revenues are charges for services for the landfill and recycling center. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating.

Q. Interfund Transactions

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

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

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 nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

R. Pension

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

S. Estimates

The preparation of the 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 - Change in Accounting Principles and Restatement of Net Position

For 2015, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". GASB Statement No. 68 established standards for measuring and recognizing pension liabilities, deferred outflows and deferred inflows of resources, and pension expenses/expenditures. The implementation of this statement had the following effect on net position as previously reported on December 31, 2014.

	Landfill	Other Enterprise
Net Position (Deficit) at December 31, 2014	(\$1,043,139)	\$266,066
Net Pension Liability	0	(117,867)
Deferred Outflows - Payments Subsequent to Measurement Date	0	14,748
Adjusted Net Position (Deficit) at December 31, 2014	(\$1,043,139)	\$162,947
	Governmental Activities	Business-Type Activities
Net Position at December 31, 2014	\$55,168,754	(\$777,073)
Net Pension Liability	(13,199,042)	(117,867)
Deferred Outflows	14,732	0
Deferred Outflows - Payment Subsequent to Measurement Date	1,501,876	14,748
Deferred Inflows	(283,096)	0
Restated Net Position at December 31, 2014	\$43,203,224	(\$880,192)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Change in Accounting Principles and Restatement of Net Position (continued)

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

Note 4 - Accountability and Compliance

A. Accountability

At December 31, 2015, the Landfill enterprise fund had a deficit net position, in the amount of \$982,661. The deficit is due to reporting a liability for postclosure costs. There was an increase in net position for 2015.

B. Compliance

The following accounts had expenditures in excess of appropriations for the year ended December 31, 2015.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
Municipal Court - Salaries	740	1,107	(367)
Detention Center - Salaries	89	401	(312)
Buildings and Grounds - Construction	54,380	96,050	(41,670)
County Sheriff - Supplies	15,158	16,779	(1,621)
County Sheriff - Equipment	122,616	136,640	(14,024)
County Sheriff - Other Expenses	9,698	10,172	(474)

The County will monitor expenditures to ensure they are within amounts appropriated.

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund; and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 5 - Budgetary Basis of Accounting (continued)

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$674,736	\$176,507	(\$125,562)	\$434,247	(\$951,276)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2014, Received in Cash 2015	720,908	331,773	205,815	5,567	195,868
Accrued 2015, Not Yet Received in Cash	(750,481)	(324,407)	0	(5,543)	(8,436)
Expenditure Accruals					
Accrued 2014, Paid in Cash 2015	(411,807)	(136,700)	119,168	(180,034)	(493,045)
Accrued 2015, Not Yet Paid in Cash	347,414	166,471	(153,586)	114,914	174,867
Cash Adjustments					
Unrecorded Activity 2014	124,852	2,249	0	28,396	114,849
Unrecorded Activity 2015	(117,708)	(3,027)	(1,010)	(27,793)	(112,094)
Prepaid Items	6,540	0	0	0	0
Materials and Supplies Inventory	(1,880)	13,003	2,424	0	103
Encumbrances Outstanding at Year End (Budget Basis)	(170,751)	(34,408)	0	(340,926)	0
Budget Basis	<u>\$421,823</u>	<u>\$191,461</u>	<u>\$47,249</u>	<u>\$28,828</u>	<u>(\$1,079,164)</u>

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 6 - Deposits and Investments

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 6 - Deposits and Investments (continued)

10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,051,739 of the County's bank balance of \$12,546,862 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 6 - Deposits and Investments (continued)

Investments

As of December 31, 2015, the County had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Farm Credit Bank Notes	\$499,330	11/4/16
Federal Farm Credit Bank Notes	499,120	4/20/18
Federal Farm Credit Bank Notes	500,670	9/21/18
Federal Farm Credit Bank Notes	500,050	12/3/18
Federal Home Loan Bank Notes	499,960	7/7/17
Federal Home Loan Bank Notes	498,290	10/27/17
Federal Home Loan Bank Notes	1,499,205	6/29/18
Federal Home Loan Mortgage Corporation Notes	500,945	6/29/18
Federal National Mortgage Association Notes	500,475	9/28/18
STAR Ohio	1,397,879	49.4 Days
	<u>\$6,895,924</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County. The investment policy also requires a minimum of 20 percent of the County's portfolio to mature in less than thirty days and no more than 30 percent may be invested beyond twelve months.

The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The County places no limit on the amount of its inactive monies it may invest in a particular security. The following table indicates the percentage of each investment to the County's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Farm Credit Bank	\$1,999,170	28.99%
Federal Home Loan Bank	2,497,455	36.22
Federal Home Loan Mortgage Corporation	500,945	7.26
Federal National Mortgage Association	500,475	7.26

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 7 - Receivables

Receivables at December 31, 2015, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interfund; property taxes; and payment in lieu of taxes. All receivables are considered fully collectible within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$286,304
City of Ashland	82,841
Casino Tax	161,628
Public Defender Grant	15,984
Homestead and Rollback	166,578
Total General Fund	713,335
Motor Vehicle and Gasoline Tax	
Gasoline Tax	1,165,249
Motor Vehicle License Fees	892,337
Orange Township	974
Total Motor Vehicle and Gasoline Tax	2,058,560
Job and Family Services	
Public Assistance Grant	326,191
Alcohol, Drug Addiction, and Mental Health Services	
Homestead and Rollback	60,580
Personal Property Phase-Out	7,718
Access II	5,543
Total Alcohol, Drug Addiction, and Mental Health Services	73,841
Developmental Disabilities	
Title XX	37,294
Family Resources/Respite	13,590
Homestead and Rollback	236,216
Personal Property Phase-Out	37,816
State of Ohio	1,513
Total Developmental Disabilities	326,429
Total Major Funds	3,498,356
Nonmajor Funds	
Victims of Crime	
Victims of Crime Grant	3,015
Children Services	
PCSA	74,128
Foster Care Reimbursement	89,449
Community Housing Improvement Program	
Community Housing Improvement Program	16,840
Child Support Enforcement Agency	
Child Support Enforcement Agency	59,530
Workforce Investment Act	
Workforce Investment Act	11,251
Senior Citizens Services	
Homestead and Rollback	36,273
Felony Delinquent Care	

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 7 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
RECLAIM Grant	59,462
Community Corrections	
Community Corrections Grant	55,273
County Jail	
County Sheriff	4,285
Capital Projects	
Casino Tax	161,628
Total Nonmajor Funds	571,134
Total Governmental Activities	\$4,069,490
 Agency Funds	
Local Government	\$309,370
Library Local Government	765,123
Gasoline Tax	649,132
Motor Vehicle License Fees	281,722
Permissive Motor Vehicle License Tax	9,602
Homestead and Rollback	11,356
Total Agency Funds	\$2,026,305

Note 8 - Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. The allocation of the sales tax is 1 percent to the County's General Fund and .25 percent for the repayment of the debt and operations of the County Jail. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

Note 9 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2015 represent the collection of 2014 taxes. Real property taxes received in 2015 were levied after October 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 9 - Property Taxes (continued)

Public utility property tax revenues received in 2015 represent the collection of 2014 taxes. Public utility real and tangible personal property taxes received in 2015 became a lien on December 31, 2013, were levied after October 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2015, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2015, was \$9.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

Real Property	
Residential	\$613,995,980
Agriculture	199,909,510
Commercial/Industrial/Mineral	136,590,390
Public Utility Property	
Real	573,450
Personal	74,825,510
Total Assessed Value	<u>\$1,025,894,840</u>

Note 10 - Payment in Lieu of Taxes

According to State law, Ashland County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 11 - Capital Assets

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

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	227,888	60,683	(288,571)	0
Total Nondepreciable Capital Assets	1,048,825	60,683	(288,571)	820,937
Depreciable Capital Assets				
Land Improvements	285,596	0	0	285,596
Buildings	20,883,989	0	0	20,883,989
Building Improvements	1,202,155	288,571	0	1,490,726
Roads	48,864,075	574,765	0	49,438,840
Bridges	15,426,914	0	0	15,426,914
Equipment	2,842,296	108,195	(58,000)	2,892,491
Vehicles	2,866,243	299,922	(18,980)	3,147,185
Total Depreciable Capital Assets	92,371,268	1,271,453	(76,980)	93,565,741
Less Accumulated Depreciation for				
Land Improvements	(98,136)	(11,100)	0	(109,236)
Buildings	(8,567,797)	(448,286)	0	(9,016,083)
Building Improvements	(1,009,508)	(34,605)	0	(1,044,113)
Roads	(33,922,533)	(1,826,729)	0	(35,749,262)
Bridges	(8,447,633)	(308,538)	0	(8,756,171)
Equipment	(2,113,280)	(85,717)	58,000	(2,140,997)
Vehicles	(2,299,465)	(141,736)	18,980	(2,422,221)
Total Accumulated Depreciation	(56,458,352)	(2,856,711)	76,980	(59,238,083)
Total Depreciable Capital Assets, Net	35,912,916	(1,585,258)	0	34,327,658
Governmental Activities Capital Assets, Net	\$36,961,741	(\$1,524,575)	(\$288,571)	\$35,148,595
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$118,865	\$0	\$0	\$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	0	49,072
Buildings	250,510	0	0	250,510
Equipment	427,591	0	0	427,591
Vehicles	141,557	0	0	141,557
Total Depreciable Capital Assets	868,730	0	0	868,730
Less Accumulated Depreciation for				
Land Improvements	(49,072)	0	0	(49,072)
Buildings	(100,204)	(4,175)	0	(104,379)
Equipment	(403,554)	(6,188)	0	(409,742)
Vehicles	(131,057)	(4,100)	0	(135,157)
Total Accumulated Depreciation	(683,887)	(14,463)	0	(698,350)
Total Depreciable Capital Assets, Net	184,843	(14,463)	0	170,380
Business-Type Activities Capital Assets, Net	\$303,708	(\$14,463)	\$0	\$289,245

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 11 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$82,505
Judicial	1,785
Public Safety	
Sheriff	309,653
Public Works	2,301,249
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	91,008
Other	1,219
Human Services	
Job and Family Services	36,592
Other	4,376
Conservation and Recreation	19,261
Total Depreciation Expense - Governmental Activities	\$2,856,711

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$14,463

Note 12 - Interfund Receivables/Payables

Interfund balances at December 31, 2015, consisted of the following receivables and payables:

Due to General Fund from:	
Job and Family Services Fund	\$1,025
Alcohol, Drug Addiction, and Mental Health Services Fund	10,040
Other Governmental Funds	200
Total General Fund	\$11,265
Due to Job and Family Services Fund from:	
Other Governmental Funds	\$282,038
Due to Other Governmental Funds from:	
Other Governmental Funds	\$17,244

The amounts due to the General Fund and Job and Family Services Fund were for services provided to other governmental funds. These amounts are expected to be received within one year.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 12 - Interfund Receivables/Payables (continued)

The amount due to Other Governmental Funds resulted from the time lag between dates that payments between funds are made. This amount is expected to be received within one year.

Note 13 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Cyber Liability	1,000,000
Building and Contents	97,570,349
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

With the exceptions of medical and dental coverage for Developmental Disabilities employees and workers' compensation, insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2015 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2015, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 13 - Risk Management (continued)

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc., provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Note 14 - Significant Commitments

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2016 are as follows:

General Fund	\$170,751
Motor Vehicle and Gasoline Tax Fund	34,408
Alcohol, Drug Addiction, and Mental Health Services Fund	340,926
Other Governmental Funds	349,518
	<u>\$895,603</u>

Note 15 - Defined Benefit Pension Plans

Net Pension Liability

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

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services, and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

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

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

	State and Local	Public Safety	Law Enforcement
2015 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

	State and Local	Public Safety	Law Enforcement
2015 Actual Contribution Rates			
Employer			
Pension	12.0 %	16.1 %	16.1 %
Postemployment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$1,512,762 for 2015. Of this amount, \$170,566 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Teachers employed by the Board of Developmental Disabilities participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report may be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-five years of service credit, or thirty years of service credit regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age sixty with thirty-five years of service credit or age sixty-five with five years of service credit on August 1, 2026.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

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

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

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

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

The County's contractually required contribution to STRS was \$92,009 for 2015; 100 percent has been contributed for 2015.

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

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

	OPERS	STRS	Total
Proportionate of the Net Pension Liability			
Prior Measurement Date	.09998300%	.00629111%	.10627411%
Proportion of the Net Pension Liability			
Current Measurement Date	.09998300	.00632302	.10630602
Change in Proportionate Share	<u>.00000000%</u>	<u>.00003191%</u>	<u>.00003191%</u>
Proportionate Share of the Net			
Pension Liability	\$12,059,067	\$1,747,497	\$13,806,564
Pension Expense	\$1,315,626	\$81,289	\$1,396,915

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

	OPERS	STRS	Total
Deferred Outflows of Resources			
Difference between expected and actual experience	\$643,435	\$79,663	\$723,098
Change in proportionate share	0	7,298	7,298
County contributions subsequent to the measurement date	1,512,762	40,145	1,552,907
Total Deferred Outflows of Resources	<u>\$2,156,197</u>	<u>\$127,106</u>	<u>\$2,283,303</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$211,854</u>	<u>\$125,678</u>	<u>\$337,532</u>

\$1,552,907 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS	STRS	Total
For Year Ending December 31,			
2016	\$63,109	(\$26,537)	\$36,572
2017	63,109	(26,537)	36,572
2018	144,505	(26,537)	117,968
2019	160,858	40,894	201,752
Total	<u>\$431,581</u>	<u>(\$38,717)</u>	<u>\$392,864</u>

Actuarial Assumptions - OPERS

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefits portfolio includes the investment assets of the traditional pension plan, the defined benefit component of the combined plan, the annuitized accounts of the member-directed plan, and the VEBA Trust. Within the Defined Benefits portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expenses, for the Defined Benefits portfolio was 6.95 percent for 2014.

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$22,185,228	\$12,059,067	\$3,530,400

Actuarial Assumptions - STRS

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

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 15 - Defined Benefit Pension Plans (continued)

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males' ages are set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

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

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

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

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's Proportionate Share of the Net Pension Liability	\$2,427,406	\$1,747,497	\$1,172,534

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

OPERS maintains three health care trusts. The two cost-sharing multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees and the traditional pension and combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a retiree medical account for member-directed plan members.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 16 - Postemployment Benefits (continued)

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. The portion of the employer contribution allocated to health care for members in both the traditional pension and combined plans was 2 percent for 2015. As recommended by the OPERS actuary, the portion of the employer contribution allocated to health care beginning January 1, 2016, remained at 2 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the VEBA for participants in the member-directed plan was 4.5 percent for 2015.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$240,128, \$233,647, and \$120,836, respectively. For 2015, 88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

B. State Teachers Retirement System

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing multiple-employer defined benefit health care plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer the plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan participants, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2015, STRS did not allocate any employer contributions to postemployment health care. For the fiscal years ended June 30, 2014, and 2013, 1 percent of covered payroll was allocated to postemployment health care. The County's contribution for health care for the years ended December 31, 2015, 2014, and 2013 were \$0, \$6,555 and \$6,496, respectively. The full amount has been contributed for all three years.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 17 - Other Employer Benefits

A. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Currently, employees are not permitted to accrue or carry over, beyond an anniversary date, more than the equivalent of one year's vacation leave, except as otherwise defined in union agreements. All accumulated unused vacation time is paid upon separation from the County. Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Sick leave is pro-rated for those employees working less than a standard eighty hour pay period. Any County employee who has ten or more years of service is paid upon retirement for one-fourth of the value of their accumulated unused sick leave up to a maximum of thirty to sixty-five days, depending on department policy or union contract.

B. Employee Health Insurance

Ashland County offers employee medical, dental, and vision benefits through the County Employee Benefits Consortium of Ohio. Depending on the plan chosen, the employees share the cost of the monthly premium with the County.

Note 18 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2015, was as follows:

	Interest Rate	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2011 County Jail (Original Amount \$2,265,000)	1.0-3.0%	\$1,260,000	\$0	\$345,000	\$915,000	\$355,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		11,668,826	269,651	0	11,938,477	0
State Teachers Retirement System		1,530,216	217,281	0	1,747,497	0
Total Net Pension Liability		13,199,042	486,932	0	13,685,974	0
Loan Payable		94,434	0	0	94,434	7,500
Compensated Absences		1,108,204	207,496	65,251	1,250,449	439,897
Total Governmental Activities		\$15,661,680	\$694,428	\$410,251	\$15,945,857	\$802,397

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 18 - Long-Term Obligations (continued)

	Interest Rate	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<u>Business-Type Activities</u>						
Net Pension Liability						
Ohio Public Employees Retirement System		\$117,867	\$2,723	\$0	\$120,590	\$0
Compensated Absences		10,947	812	0	11,759	6,967
Closure/Postclosure Costs		1,480,856	0	73,117	1,407,739	75,455
Total Business-Type Activities		<u>\$1,609,670</u>	<u>\$3,535</u>	<u>\$73,117</u>	<u>\$1,540,088</u>	<u>\$82,422</u>

General Obligation Bonds

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

On May 5, 2011, the County issued general obligation bonds, in the amount of \$2,265,000, to currently refund the remaining balance of the 2001 County Jail bonds. The bonds were issued for a seven year period, with final maturity in 2018. The bonds are being retired through the County Jail debt service fund.

Net Pension Liability

The County pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 15 to the basic financial statements.

Loan Payable

In 2013, the County obtained a loan from the State of Ohio Development Services Agency (Local Government Fund) for the implementation of a document imaging system at the Department of Job and Family Services. The loan was obtained for a ten year period with payment beginning twelve months after the date of the final disbursement. The project was completed in 2014 with loan repayments beginning in 2016. The loan will be retired through the Job and Family Services special revenue fund. Of the outstanding loan amount, \$76,950 was not capitalized for governmental activities.

Compensated Absences

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund; the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction; and Mental Health Services; Developmental Disabilities; Dog and Kennel; Real Estate Assessment; Law Library; County Sheriff; Victims of Crime; Child Support Enforcement Agency; DRETAC; Juvenile Court; Felony Delinquent Care/Custody, and Jail Operating special revenue funds and the Landfill and Recycling enterprise funds.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 18 - Long-Term Obligations (continued)

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

	General Obligation Bonds	
	Principal	Interest
2016	\$355,000	\$20,517
2017	360,000	11,040
2018	200,000	3,000
	\$915,000	\$34,557

The County's legal debt margin at December 31, 2015, was \$24,147,371.

The County has issued industrial revenue bonds for the following organizations:

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2015
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$2,535,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	3,540,000
Bretheran Care, Inc.	1/1/05	16,160,000	10,295,000
		\$24,870,000	\$16,370,000

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

Note 19 - Postclosure Costs

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,407,739 reported as the landfill postclosure liability at December 31, 2015, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2015, liability decreased from the prior year by \$73,117.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The County has passed the financial accountability test in which the County demonstrates its ability to self-fund these future costs.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 20 - Interfund Transfers

During 2015, the General Fund made transfers to the Job and Family Services special revenue fund, in the amount of \$84,522, and to other governmental funds, in the amount of \$1,249,002, to subsidize operations in those funds.

Note 21 - Fund Balance

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Prepaid Items	\$66,987	\$0	\$0	\$0
Materials and Supplies				
Inventory	28,889	901,730	6,883	0
Unclaimed Monies	62,194	0	0	0
Total Nonspendable	158,070	901,730	6,883	0
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,480,607
Job and Family Services Operations	0	0	692,304	0
Road and Bridge Repair/ Improvement	0	1,102,677	0	0
Sheriff Operations	7,889	0	0	0
Total Restricted	7,889	1,102,677	692,304	1,480,607
Committed to:				
Bi/Tri Centennial	2,139	0	0	0
Assigned for:				
Document Recording	16,334	0	0	0
Projected Budget Shortage	1,078,345	0	0	0
Sheriff Operations	47,113	0	0	0
Unpaid Obligations	160,506	0	0	0
Vehicle Titling	81,925	0	0	0
Total Assigned	1,384,223	0	0	0
Unassigned	2,288,561	0	0	0
Total Fund Balance	\$3,840,882	\$2,004,407	\$699,187	\$1,480,607

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 21 - Fund Balance (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	\$11,971	\$3,697
Restricted for:		
Board of Elections	0	10
Child Support Enforcement	0	689,044
Court Operations	0	844,725
Crime Victims Assistance	0	9,359
Debt Retirement	0	479,176
Delinquent Tax Collections	0	107,781
Developmental Disabilities Operations	3,475,381	0
Dog and Kennel Operations	0	42,643
Economic Development	0	36,959
Emergency Management Agency	0	18,280
Job and Family Services Operations	0	240,644
Real Estate Assessments	0	1,212,304
Senior Citizens	0	16,615
Sheriff Operations	0	634,874
Total Restricted	3,475,381	4,332,414
Committed to:		
Road and Bridge Repair/ Improvement	0	1,769
Capital Projects	0	632,931
Student Scholarships	0	10,074
Total Committed	0	644,774
Total Fund Balance	\$3,487,352	\$4,980,885

Note 22 - Jointly Governed Organizations

A. Northern Ohio Juvenile Community Corrections Facility

The Northern Ohio Juvenile Community Corrections Facility is a jointly governed organization between Ashland, Erie, Huron, Sandusky, and Seneca Counties. The Corrections Facility provides for juvenile rehabilitation and correction for juvenile offenders who would otherwise be eligible for commitment to the Ohio Department of Youth Services. The Corrections Facility is controlled by a governing board consisting of the juvenile court judge from each of the participating counties. Each County's ability to influence the operations of the Corrections Facility is limited to its representation on the governing board. Erie County serves as the fiscal agent.

B. Ashland Community Improvement Corporation

The County participates in the Ashland Community Improvement Corporation (CIC), a 501(c)(3) not-for-profit-corporation established under Ohio Revised Code Section 1724.10. The CIC administers the CDBG revolving loan program in conjunction with the Ashland City revolving loan fund.

The CIC board consists of thirty members, two-fifths of whom are required by the Ohio Revised Code to be from the participating governments. Ashland County has one representative on the CIC board. Financial information can be obtained from the Ashland Community Improvement Corporation, 47 West Main Street, Ashland, Ohio 44805.

C. Ashland Area Council for Economic Development

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2015, the County contributed \$45,070 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

Note 23 - Insurance Pools

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among a number of counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 23 - Insurance Pools (continued)

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

B. County Commissioners Association of Ohio Service Corporation

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a county commissioner.

C. County Employee Benefits Consortium of Ohio, Inc.

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed costs of the consortium.

The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two-thirds of the directors are county commissioners of the member counties and one-third are employees of the member counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the County Commissioners' Association of Ohio and another is required to be a board member of the County Risk Sharing Authority, Inc.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 24 - Related Organization

The Ashland County Airport Authority was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a five member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Ashland County.

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2015, this allocation was \$26,850.

Note 25 - Contingent Liabilities

A. Litigation

The County is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The County is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the County.

B. Federal and State Grants

For the period January 1, 2015, to December 31, 2015, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

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

	2014	2013
County's Proportion of the Net Pension Liability	0.09998300%	0.09998300%
County's Proportionate Share of the Net Pension Liability	\$12,059,067	\$11,786,693
County's Covered-Employee Payroll	\$12,006,391	\$11,682,338
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	100.44%	100.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

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

	2015	2014	2013
County's Proportion of the Net Pension Liability	0.00632302%	0.00629111%	0.00629111%
County's Proportionate Share of the Net Pension Liability	\$1,747,497	\$1,530,216	\$1,822,783
County's Covered-Employee Payroll	\$659,700	\$692,223	\$665,277
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	264.89%	221.06%	273.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Ashland County
 Required Supplementary Information
 Schedule of the County's Contributions
 Ohio Public Employees Retirement System - Traditional Plan
 Last Three Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,512,762	\$1,474,833	\$1,645,783
Contributions in Relation to the Contractually Required Contribution	<u>(1,512,762)</u>	<u>(1,474,833)</u>	<u>(1,645,783)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$12,006,391	\$11,682,338	\$12,083,581
Contributions as a Percentage of Covered-Employee Payroll	12.60%	12.62%	13.62%

(1) Information prior to 2013 is not available.

Ashland County
 Required Supplementary Information
 Schedule of the County's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$92,009	\$88,232	\$84,453	\$88,518
Contributions in Relation to the Contractually Required Contribution	<u>(92,009)</u>	<u>(88,232)</u>	<u>(84,453)</u>	<u>(88,518)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$657,207	\$655,515	\$649,638	\$680,908
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.46%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$105,369	\$102,238	\$106,889	\$97,776	\$85,591	\$83,850
<u>(105,369)</u>	<u>(102,238)</u>	<u>(106,889)</u>	<u>(97,776)</u>	<u>(85,591)</u>	<u>(83,850)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$810,531	\$786,446	\$822,223	\$752,123	\$658,392	\$645,000
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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ASHLAND COUNTY

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Passed Through to Subrecipients	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>(Passed through the Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program	14.228	B-F-13-1AC-1 B-W-13-1AC-1 B-F-14-1AC-1 B-C-13-1AC-1		\$ 73,500 500,000 73,885 79,546
Total Community Development Block Grants/State's Program				<u>726,931</u>
Home Investment Partnerships Program (CHIP)	14.239	B-C-13-1AC-2		<u>153,943</u>
Total U.S. Department of Housing and Urban Development				<u>880,874</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>(Direct)</i>				
Bulletproof vest Partnership Program	16.607	N/A		<u>5,272</u>
<i>(Passed through Ohio Attorney General)</i>				
Crime Victim Assistance	16.575	2015-SVAA-10201082 2015-SVAA-19810840 2015-VOCA-19810803 2015-VOCA-10201078		3,174 891 7,556 23,008
Total Crime Victim Assistance				<u>34,629</u>
Total U.S. Department of Justice				<u>39,901</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>(Passed through the Ohio Emergency Management Agency)</i>				
Emergency Management Performance Grants	97.042	EMW-2014-EP-00064		<u>19,367</u>
Total U.S. Department of Homeland Security				<u>19,367</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>(Passed through the Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education_Grants to States	84.027	2014		<u>42,580</u>
Special Education_Preschool Grants	84.173	2014		<u>13,458</u>
Total Special Education Cluster				<u>56,038</u>
Total U.S. Department of Education				<u>56,038</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>(Passed through the Ohio Department of Education)</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	2014		<u>19,629</u>
School Breakfast Program	10.553	2014		<u>10,155</u>
Total Child Nutrition Cluster				<u>29,784</u>
<i>(Passed through the Ohio Department of Job & Family Services)</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1415-11-5326/G-1617-11-5481		<u>268,442</u>
Total U.S. Department of Agriculture				<u>298,226</u>

ASHLAND COUNTY

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Passed Through to Subrecipients	Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>(Passed through the Ohio Department of Job & Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-1415-11-5326/G-1617-11-5481		12,679
Temporary Assistance for Needy Families	93.558	G-1415-11-5326/G-1617-11-5481	\$ 355,866	764,782
Child Support Enforcement	93.563	G-1415-11-5326/G-1617-11-5481		420,736
Child Care and Development Block Grant Cluster: Child Care and Development Block Grant	93.575	G-1415-11-5326/G-1617-11-5481		23,118
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1415-11-5326/G-1617-11-5481		60,906
Foster Care_Title IV-E	93.658	G-1415-11-5326/G-1617-11-5481		566,336
Adoption Assistance	93.659	G-1415-11-5326/G-1617-11-5481		117,276
Medical Assistance Program (Passed through the Ohio Department of Job and Family Services)	93.778	G-1415-11-5326/G-1617-11-5481		409,059
Medical Assistance Program (Passed through the Ohio Department of Developmental Disabilities)	93.778	N/A		136,957
Total Medical Assistance Program				<u>546,016</u>
Social Services Block Grant (Passed through the Ohio Department of Job and Family Services)	93.667	G-1415-11-5326/G-1617-11-5481		459,290
Social Services Block Grant (Passed through the Ohio Department of Mental Health)	93.667	N/A		35,510
Social Services Block Grant (Passed through the Ohio Department of Developmental Disabilities)	93.667	N/A		36,009
Total Social Services Block Grant				<u>530,809</u>
<i>(Passed through the Ohio Department of Mental Health)</i>				
Block Grants for Community Mental Health Services	93.958	N/A		32,973
<i>(Passed through the Ohio Department of Alcohol and Drug Addition Services)</i>				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A		161,466
Total U.S. Department of Health and Human Services			<u>355,866</u>	<u>3,237,097</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>(Passed through the Ohio Department of Transportation)</i>				
Highway Planning and Construction	20.205	97437		196,874
		98619		1,500
		97426		300,000
		100215		300,000
Total Highway Planning and Construction				<u>798,374</u>
Total U.S. Department of Transportation				<u>798,374</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>(Passed through the Ohio Department of Job and Family Services)</i>				
<i>(Passed through Area 7 Workforce Investment Board)</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	2015-7203-1		6,929
Workforce Investment Act Cluster:				
Workforce Investment Act Adult Program	17.258	2015-7203-1/2016-7203-1		159,006
Workforce Investment Act Adult Program - Admin		2015-7203-1/2016-7203-1		1,304
Total Workforce Investment Act Adult Program				<u>160,310</u>
Workforce Investment Act Youth Activities	17.259	2015-7203-1/2016-7203-1	95,185	95,185
Workforce Investment Act Youth Activities - Admin				
Workforce Investment Act Dislocated Worker Formula Grants	17.278	2015-7203-1/2016-7203-1		120,700
Workforce Investment Act Dislocated Worker Formula Grants - Admin		2015-7203-1/2016-7203-1		1,110
Total Workforce Investment Act Dislocated Worker Formula Grants				<u>121,810</u>
Total Workforce Investment Act Cluster			<u>95,185</u>	<u>377,305</u>
Total U.S. Department of Labor			<u>95,185</u>	<u>384,234</u>
TOTAL			<u>\$ 451,051</u>	<u>\$ 5,714,111</u>

See accompanying Notes to the Federal Awards Expenditures Schedule

ASHLAND COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - SUBRECIPIENTS

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

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - 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.

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Dave Yost • Auditor of State

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

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 29, 2016, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Dave Yost
Auditor of State
Columbus, Ohio

July 29, 2016



Dave Yost • Auditor of State

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

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Community Development Block Grant Program

As described in findings 2015-001 and 2015-002 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management and Equipment and Real Property Management applicable to its CFDA 14.228 Community Development Block Grant major federal program. Compliance with these requirements are necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on the Community Development Block Grant Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Community Development Block Grant Program* paragraph, Ashland County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant Program* for the year ended December 31, 2015.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, Ashland 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, 2015.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Ashland County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 2

The County's responses to our internal control over compliance findings are described in the accompanying corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

July 29, 2016

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified for all major programs except for Community Development Block Grant, which we Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants/State's Program – CFDA # 14.228 State Administration Matching Grants for the Supplemental Nutrition Assistance Program – CFDA # 10.561 Highway Planning and Construction – CFDA 20.205 Temporary Assistance for Needy Families – CFDA# 93.558
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

ASHLAND COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015
(CONTINUED)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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1. Community Development Block Grant – Cash Management

Finding Number	2015-001		
CFDA Title and Number	14.228		
Federal Award Identification Number / Year	B-F-13-1AC-1, B-F-14-1AC-1, B-C-13-1AC-1 / 2015		
Federal Agency	U.S. Department of Housing and Urban Development		
Pass-Through Entity	Ohio Development Services Agency		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	n/a

Noncompliance and Material Weakness

24 C.F.R. Part 85.20(b)(7) provides, in part, 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. 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.

The County's Community Development Block Grant had the following receipts which were not spent in a timely manner:

<u>Date Received</u>	<u>Date Disbursed</u>	<u>Amount</u>
November 19, 2014	May 1, 2015	\$ 73,500
June 9, 2015	August 27, 2015	7,400
September 28, 2015	October 30, 2015	1,500
August 6, 2015	September 18, 2015	9,009
October 7, 2015	November 24, 2015	4,250
August 6, 2015	October 23, 2015	5,771
August 6, 2015	September 18, 2015	7,369

Failure to have prompt disbursements of funds can result in over-funding of the grant.

We recommend the County implement procedures to ensure federal Community Development Block Grant funds are expended in a timely manner. The County should monitor grant cash balances on a regular basis and draw down requests should be limited to amounts required to meet only current cash needs.

See Corrective Action Plan

ASHLAND COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015
(CONTINUED)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

2. Community Development Block Grant – Equipment and Real Property Management

Finding Number	2015-002		
CFDA Title and Number	14.228		
Federal Award Identification Number / Year	B-F-14-1AC-1 / 2015		
Federal Agency	U.S. Department of Housing and Urban Development		
Pass-Through Entity	Ohio Development Services Agency		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	n/a

Noncompliance and Material Weakness

24 CFR section 85.32 (d)(1) provides, in part, that equipment records shall be maintained accurately and shall include the following information:

- 1) A description of the property;
- 2) Serial number or other identification number;
- 3) Source of the property;
- 4) Who holds title;
- 5) Acquisition date and cost;
- 6) The percentage of Federal participation in the cost of the property;
- 7) Location, use and condition of the property;

- 8) Ultimate disposition data, including date of disposal and sales price of the property .

The County purchased two tornado sirens in 2015 with Community Development Block Grant funds, totaling \$43,800. Both tornado sirens have not been added to the County's inventory records.

Failure to record equipment on the inventory listing could result in the loss, damage, or theft of purchased equipment.

We recommend the County add equipment to their inventory records as soon as the equipment is purchased, and in the detail as described above in 24 CFR section 85.32 (d)(1).

See Corrective Action Plan

ASHLAND COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	<p>While it is difficult to determine when exact completion dates will be for projects, we have been trying to have the money on hand for the contractors to be paid as soon as the project is completed. In the future, we will try to wait to closer to project completion dates to draw money. There are instances involving FY15 grant monies that have already been drawn and are past the allotted period of time. This Corrective Action will not be able to be implemented until 2017 (which is FY16 grant cycle).</p> <p>The issue of drawing money too early has also been discussed with the organization that provides Community Housing Improvement Program (CHIP) services for the county. They are aware of the 15 day rule and will make accommodations to be in compliance.</p>	FY16 grant cycle	Nikki Hiller, CDBG Administrator
2015-002	<p>The equipment was added to the Emergency Management Agency Office inventory as soon as this oversight was brought to our attention. In the future, when equipment is purchased using Community Development Block Grant funding, efforts will be made to remind the receiving office to add the items to their inventory list.</p>	Immediately	Mark Rafeld, EMA Office Director; Nikki Hiller, CDBG Administrator



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ASHLAND 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 20, 2016