

CARROLL COUNTY

Basic Financial Statements

Year Ended December 31, 2015

With Independent Auditors' Report



Dave Yost • Auditor of State

Board of Commissioners
Carroll County
119 South Lisbon, Suite 203
Carrollton, Ohio 44615

We have reviewed the *Independent Auditors' Report* of Carroll County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Carroll County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 12, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Carroll County, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Carroll Hills Industries, Inc. which represent 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Carroll Hills Industries, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Motor Vehicle and Gas Tax Fund, County Board of Developmental Disabilities Fund, and County Home Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 3A, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions were not modified with the respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards as required by the Uniform Guidance is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 June 6, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 6, 2016

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The management's discussion and analysis of Carroll County's (the "County") financial performance provides an overall review 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; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net position of the County increased \$2,541,820. Net position of governmental activities increased \$3,582,921, which represents a 9.23% increase over fiscal year 2014. Net position of business-type activities decreased \$1,041,101, which represents a 6.75% decrease from fiscal year 2014.
- General revenues accounted for \$11,518,535 or 41.45% of total governmental activities revenue. Program specific revenues accounted for \$16,272,792 or 58.55% of total governmental activities revenue.
- The County had \$24,213,115 in expenses related to governmental activities; program specific charges for services, grants or contributions of \$16,272,792 partially covered these expenses. The County also had general revenues (primarily taxes) of \$11,518,535 to provide for these programs.
- The County's major governmental funds are the general fund, motor vehicle and gas tax fund, county board of developmental disabilities (the "county board of DD") fund, and the county home fund. The general fund had revenues and other financing sources of \$8,569,309 in 2015. The expenditures and other financing uses of the general fund totaled \$8,452,363 in 2015. The general fund balance increased \$116,946 from 2014 to 2015.
- The motor vehicle and gas tax fund, a County major fund, had revenues of \$3,781,487 and expenditures of \$3,555,949 in 2015. The motor vehicle and gas tax fund balance increased \$225,538 from 2014 to 2015.
- The county board of DD, a County major fund, had revenues of \$4,767,507 and expenditures of \$4,388,017 in 2015. The county board of DD fund balance increased \$379,490 from 2014 to 2015.
- The county home fund, a County major fund, had revenues of \$2,001,519 and expenditures of \$1,836,368 in 2015. The county home fund balance increased \$165,151 from 2014 to 2015.
- The County's major enterprise funds are the sewer fund, Atwood Lodge Properties fund and the landfill fund. Net position for the sewer enterprise fund decreased in 2015 by \$108,262 or 3.60%. Net position for the Atwood Lodge Properties enterprise fund decreased in 2015 by \$897,269 or 6.40%. The net position for the landfill enterprise fund decreased in 2015 by \$35,570 or 2.22%.
- In the general fund, the total actual revenues and other financing sources were \$28,105 lower than the final budget and actual expenditures and other financing uses were \$460,429 lower than the amount in the final budget.

Using this Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are four major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did the County perform financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

The County's statement of net position and statement of activities can be found on pages 18-20 of this report.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, motor vehicle and gas tax, county board of developmental disabilities (county board of DD), and county home. The analysis of the County's major governmental and proprietary funds begins on page 13.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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 in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 18-30 of this report.

Proprietary Funds

The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer, Atwood lodge properties, and sanitary landfill operations. The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 35-83 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability. The required supplementary information can be found on pages 84-90 of this report.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. Net position was restated at December 31, 2014, as described in Note 3A of the notes to the basic financial statements. The table below provides a summary of the County's net position for 2015 compared to 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
<u>Assets</u>						
Current assets	\$ 26,137,439	\$ 24,429,062	\$ 2,753,201	\$ 2,940,290	\$ 28,890,640	\$ 27,369,352
Capital assets, net	32,547,927	30,971,379	16,283,615	17,280,024	48,831,542	48,251,403
Total assets	58,685,366	55,400,441	19,036,816	20,220,314	77,722,182	75,620,755
<u>Deferred outflows of resources</u>						
Pension	1,894,217	1,251,360	44,312	30,328	1,938,529	1,281,688
<u>Liabilities</u>						
Current liabilities	716,061	919,591	53,503	62,768	769,564	982,359
Long-term liabilities:						
Due within one year	231,332	227,614	140,801	139,240	372,133	366,854
Net pension liability	10,534,458	10,163,460	239,096	233,696	10,773,554	10,397,156
Other amounts	1,489,827	1,528,103	4,251,662	4,382,258	5,741,489	5,910,361
Total liabilities	12,971,678	12,838,768	4,685,062	4,817,962	17,656,740	17,656,730
<u>Deferred inflows of resources</u>						
Property taxes	4,865,000	4,865,000	-	-	4,865,000	4,865,000
Pension	353,192	141,241	4,487	-	357,679	141,241
Total deferred inflows of resources	5,218,192	5,006,241	4,487	-	5,222,679	5,006,241
<u>Net Position</u>						
Net investment in capital assets	31,880,258	30,203,211	13,572,915	14,494,524	45,453,173	44,697,735
Restricted	7,647,173	6,518,273	28,970	28,970	7,676,143	6,547,243
Unrestricted	2,862,282	2,085,308	789,694	909,186	3,651,976	2,994,494
Total net position	\$ 42,389,713	\$ 38,806,792	\$ 14,391,579	\$ 15,432,680	\$ 56,781,292	\$ 54,239,472

During 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

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

As a result of implementing GASB 68, the County is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, for governmental activities from \$47,849,832 to \$38,806,792 and business-type activities from \$15,635,792 to \$15,432,680.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2015, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$56,781,292. This amounts to \$42,389,713 in governmental activities and \$14,391,579 in business-type activities.

CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 62.83% of total governmental and business-type assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and construction in progress. The net investment in capital assets at December 31, 2015 was \$45,453,173. The increase in capital assets was due to additions to the County's roadways and bridges. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2015, the County is able to report positive balances in all three categories of net position for both governmental activities and business-type activities.

Total liabilities at December 31, 2015 were \$17,656,740. This is an increase of \$10 from 2014. Governmental long-term liabilities outstanding increased by \$336,440 and other liabilities decreased \$203,530 from the prior year due to the increase in the net pension liability and decreases in accounts payable and due to other governments respectively. Business-type long term liabilities decreased \$123,635 from 2014 mainly because no new debt was issued and outstanding debt obligations were paid down.

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CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

A portion of the County's net position, \$7,676,143 or 13.52%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a balance of \$3,651,976. The table below shows the changes in net position for fiscal years 2015 and 2014.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2015	2014
	Activities	Activities	Activities	Activities	Total	Total
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>Total</u>	<u>Total</u>
Program revenues:						
Charges for services and sales	\$ 4,447,161	\$ 846,279	\$ 4,789,789	\$ 804,534	\$ 5,293,440	\$ 5,594,323
Operating grants and contributions	9,104,185	41,322	9,296,733	563,688	9,145,507	9,860,421
Capital grants and contributions	<u>2,721,446</u>	<u>-</u>	<u>1,491,318</u>	<u>-</u>	<u>2,721,446</u>	<u>1,491,318</u>
Total program revenues	<u>16,272,792</u>	<u>887,601</u>	<u>15,577,840</u>	<u>1,368,222</u>	<u>17,160,393</u>	<u>16,946,062</u>
General revenues:						
Property taxes	5,857,708	-	5,024,433	-	5,857,708	5,024,433
Sales tax	3,261,211	-	3,975,922	-	3,261,211	3,975,922
Unrestricted grants	1,483,853	-	1,150,603	-	1,483,853	1,150,603
Oil and gas lease	348,795	-	142,277	2,006,084	348,795	2,148,361
Investment earnings	21,248	1,085	15,803	2,012	22,333	17,815
Other	<u>545,720</u>	<u>6,133</u>	<u>618,573</u>	<u>45,185</u>	<u>551,853</u>	<u>663,758</u>
Total general revenues	<u>11,518,535</u>	<u>7,218</u>	<u>10,927,611</u>	<u>2,053,281</u>	<u>11,525,753</u>	<u>12,980,892</u>
Total revenues	<u>27,791,327</u>	<u>894,819</u>	<u>26,505,451</u>	<u>3,421,503</u>	<u>28,686,146</u>	<u>29,926,954</u>
Program Expenses:						
General government	5,126,100	-	4,990,672	-	5,126,100	4,990,672
Public safety	2,926,247	-	2,751,620	-	2,926,247	2,751,620
Public works	5,722,321	-	5,618,639	-	5,722,321	5,618,639
Health	4,712,160	-	4,395,769	-	4,712,160	4,395,769
Human services	5,393,512	-	5,337,266	-	5,393,512	5,337,266
Economic development and assistance	301,534	-	340,082	-	301,534	340,082
Urban redevelopment and housing	-	-	273,209	-	-	273,209
Other	6,687	-	1,916	-	6,687	1,916
Interest and fiscal charges	24,554	-	7,801	-	24,554	7,801
Sewer	-	961,759	-	1,047,763	961,759	1,047,763
Atwood lodge properties	-	897,269	-	898,499	897,269	898,499
Landfill	<u>-</u>	<u>72,183</u>	<u>-</u>	<u>(2,250,087)</u>	<u>72,183</u>	<u>(2,250,087)</u>
Total expenses	<u>24,213,115</u>	<u>1,931,211</u>	<u>23,716,974</u>	<u>(303,825)</u>	<u>26,144,326</u>	<u>23,413,149</u>
Transfers	<u>4,709</u>	<u>(4,709)</u>	<u>(163,588)</u>	<u>163,588</u>	<u>-</u>	<u>-</u>
Change in net position	3,582,921	(1,041,101)	2,624,889	3,888,916	2,541,820	6,513,805
Net position at beginning of year (restated)	<u>38,806,792</u>	<u>15,432,680</u>	<u>N/A</u>	<u>N/A</u>	<u>54,239,472</u>	<u>N/A</u>
Net position at end of year	<u>\$ 42,389,713</u>	<u>\$ 14,391,579</u>	<u>\$ 38,806,792</u>	<u>\$ 15,432,680</u>	<u>\$ 56,781,292</u>	<u>\$ 54,239,472</u>

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,281,688 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,228,297. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$ 24,213,115	\$ 1,931,211
Pension expense under GASB 68	(1,201,610)	(26,687)
2015 contractually required contributions	1,289,014	31,466
Adjusted 2015 program expenses	24,300,519	1,935,990
Total 2014 program expenses under GASB 27	23,716,974	(303,825)
Increase (decrease) in program expenses not related to pension	\$ 583,545	\$ 2,239,815

Governmental Activities

Governmental net position increased by \$3,582,921 in 2015 from 2014.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2015, general government expenses totaled \$5,126,100 or 21.17% of total governmental expenses. General government programs were supported by \$2,209,914 in direct charges to users and \$43,700 in operating grants and contributions.

The County program human services, which supports the operations of the county home, public assistance, and the children services board accounted for \$5,393,512 of expenses or 22.27% of total governmental expenses of the County during 2015. These expenses were funded by \$1,119,802 in charges to users of services and \$2,990,884 in operating grants and contributions.

The County program public works, accounted for \$5,722,321 or 23.63% of total governmental expenses. Public works programs include the maintenance and construction of County roads and bridges. Public works programs are primarily supported by revenues from motor vehicle licenses and gasoline taxes. During 2015, the County received \$2,721,446 in capital contributions related to road improvements from oil fracking companies compared to the \$1,491,318 they received in 2014.

Operating grants are a large part of program revenues. The state and federal government contributed revenues of \$9,104,185 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$2,990,884 subsidized human services programs and \$4,126,108 subsidized public works programs. Another type of program revenue, direct charges to users of governmental activities, made up \$4,447,161 of total governmental revenues. These charges for services and sales include fees for real estate transfers, licenses and permits, and fines and forfeitures related to judicial activities.

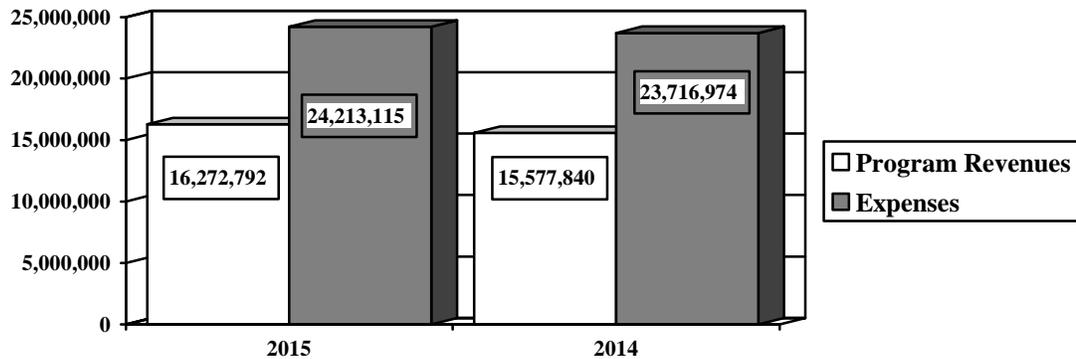
CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

General revenues totaled \$11,518,535, and amounted to 41.45% of total revenues. These revenues primarily consist of property and sales tax revenue of \$9,118,919 or 79.17% of total general revenues in 2015. Sales tax activity in the general fund decreased from last year mainly due to a reduction in oil fracking activity throughout the County which resulted in fewer sales during 2015. The other primary source of general revenues is grants and entitlements not restricted to specific programs (which includes local government assistance from the State of Ohio) making up \$1,483,853 or 12.88% of total general revenues.

The graph below shows governmental activities program revenues and total expenses for 2015 and 2014:

Governmental Activities – Program Revenues vs. Total Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

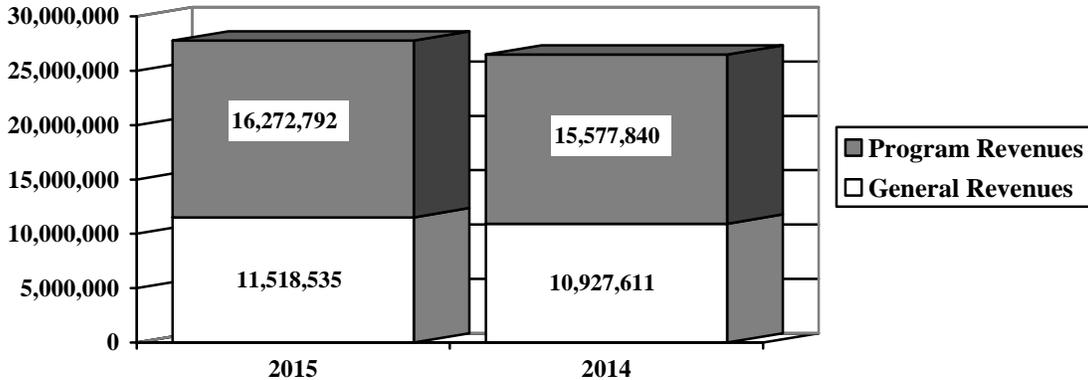
	Governmental Activities			
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program Expenses:				
General government	\$ 5,126,100	\$ 2,872,486	\$ 4,990,672	\$ 2,389,358
Public safety	2,926,247	2,288,989	2,751,620	2,151,867
Public works	5,722,321	(1,407,601)	5,618,639	(58,126)
Health	4,712,160	2,799,445	4,395,769	2,315,805
Human services	5,393,512	1,282,826	5,337,266	1,147,444
Economic development and assistance	301,534	72,945	340,082	156,400
Urban redevelopment and housing	-	(8)	273,209	26,669
Other	6,687	6,687	1,916	1,916
Interest and fiscal charges	24,554	24,554	7,801	7,801
Total	<u>\$ 24,213,115</u>	<u>\$ 7,940,323</u>	<u>\$ 23,716,974</u>	<u>\$ 8,139,134</u>

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The graph below shows governmental activities program revenues and general revenues for 2015 and 2014:

Governmental Activities - General and Program Revenues



Business-Type Activities

The sewer, Atwood lodge properties, and landfill funds are the County's three major enterprise funds. For the year ended December 31, 2015, these operations had operating revenues and nonoperating revenues of \$894,819 and operating, nonoperating expenses and transfers of \$1,935,920. The net position of the programs decreased \$1,041,101 from 2014.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of \$18,302,338, which is \$1,973,336 above last year's total of \$16,329,002. The schedule on the following page indicates the fund balances and the total change in fund balances as of December 31, 2015 and December 31, 2014, for all major and nonmajor governmental funds.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Fund Balance</u> <u>December 31, 2015</u>	<u>Fund Balance</u> <u>December 31, 2014</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 5,714,910	\$ 5,597,964	\$ 116,946
Motor vehicle and gas tax	4,186,524	3,960,986	225,538
County board of DD	2,960,033	2,580,543	379,490
County home	385,769	220,618	165,151
Nonmajor governmental funds	<u>5,055,102</u>	<u>3,968,891</u>	<u>1,086,211</u>
Total	<u>\$ 18,302,338</u>	<u>\$ 16,329,002</u>	<u>\$ 1,973,336</u>

General Fund

The general fund, the County's primary operating fund, had revenues and other financing sources of \$8,569,309 in 2015. The expenditures and other financing uses of the general fund totaled \$8,452,363 in 2015. The general fund balance increased \$116,946 from 2014 to 2015. Sales tax revenue decreased \$595,633 from 2014 due to decreased economic activity as a result of reduced oil fracking activity throughout the County.

Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of \$3,781,487 and expenditures of \$3,555,949 in 2015. The motor vehicle and gas tax fund balance increased \$225,538 from 2014 to 2015. Revenues increased \$156,249 from the prior year, mainly due to an increase in revenue received from excise taxes during 2015. Expenditures decreased \$21,856 from the prior year. This decrease was due to less spending on personnel wages.

County Board of Developmental Disabilities (County Board of DD) Fund

The County Board of DD fund, a County major fund, had revenues of \$4,767,507 and expenditures of \$4,388,017 in 2015. The County Board of DD fund balance increased \$379,490 from 2014 to 2015. Revenues increased \$252,984 from the prior year, due mainly to additional property tax revenue caused by an increase in property values throughout the County, while expenditures increased \$303,669 from the prior year. The main reason for the increase was due to a higher amount of expenditures on contract services and employee salaries.

County Home Fund

The county home fund, a County major fund, had revenues of \$2,001,519 and expenditures of \$1,836,368 in 2015. The county home fund balance increased \$165,151 from 2014 to 2015. Revenues increased \$121,038 from the prior year because of an increase in real estate tax receipts. Expenditures only increased \$63,734 from 2014. This allowed the county home fund to report a positive change in fund balance in 2015.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

There were a few amendments made to the budget throughout the year. Original budgeted revenues were \$6,201,200 and were increased to \$8,498,479 in the final budget. The main factor of this was an increase in budgeted county sales tax due to the County's conservative budgeting of their original estimates. Actual revenues and other financing sources of \$8,470,374 were \$28,105 lower than the final budgeted revenues. Original appropriations and other financing uses were \$8,999,996 and were increased to \$9,128,812 in the final appropriations. Actual expenditures and other financing uses of \$8,668,383 were less than final budgeted appropriations and other financing uses by \$460,429. There were no individually significant variances between budgeted and actual expenditures.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2015, the County had \$48,831,542 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$32,547,927 was reported in governmental activities and \$16,283,615 was reported in business-type activities. See Note 9 to the basic financial statements for detail. The following table shows fiscal 2015 balances compared to 2014:

**Capital Assets at December 31
(Net of Depreciation)**

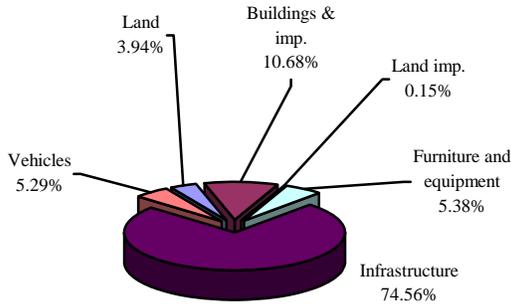
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,281,910	\$ 1,281,910	\$ 1,532,300	\$ 1,532,300	\$ 2,814,210	\$ 2,814,210
Land improvements	48,169	25,293	190,156	216,393	238,325	241,686
Building and improvements	3,477,587	3,520,676	8,731,667	9,258,215	12,209,254	12,778,891
Furniture and equipment	1,750,259	1,794,506	704,796	948,466	2,455,055	2,742,972
Vehicles	1,722,159	1,402,929	-	-	1,722,159	1,402,929
Infrastructure	24,267,843	22,946,065	-	-	24,267,843	22,946,065
Sewer lines	-	-	5,124,696	5,324,650	5,124,696	5,324,650
Total	\$ 32,547,927	\$ 30,971,379	\$ 16,283,615	\$ 17,280,024	\$ 48,831,542	\$ 48,251,403

CARROLL COUNTY, OHIO

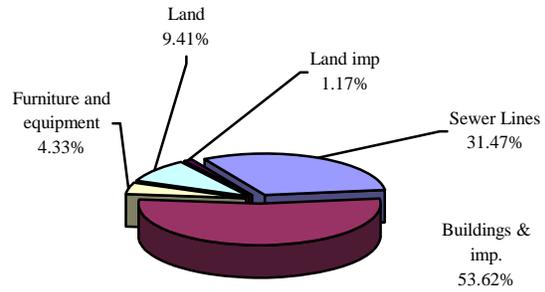
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

The following graphs show the breakdown of governmental and business-type capital assets by category for 2015 and 2014.

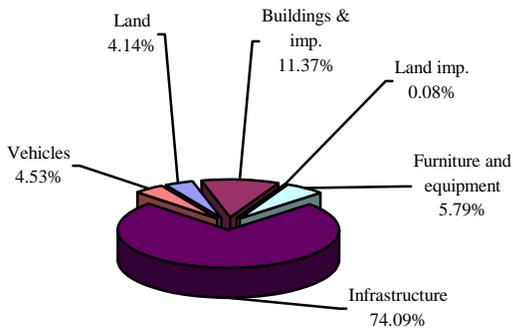
Capital Assets - Governmental Activities 2015



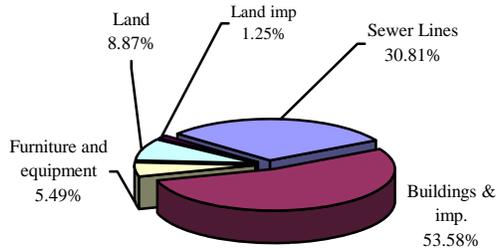
Capital Assets - Business-Type Activities 2015



Capital Assets - Governmental Activities 2014



Capital Assets - Business-Type Activities 2014



Debt Administration

The County had the following long-term debt outstanding at December 31, 2015 and 2014:

	<u>Governmental Activities 2015</u>	<u>Governmental Activities 2014</u>
General obligation bonds	\$ 354,300	\$ 362,800
OWDA loan	68,176	68,176
Other loans and judgements payable	-	5,000
Capital lease obligations	<u>245,193</u>	<u>337,192</u>
Total long-term debt	<u>\$ 667,669</u>	<u>\$ 773,168</u>

CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities <u>2015</u>	Business-Type Activities <u>2014</u>
Revenue bonds	\$ <u>2,710,700</u>	\$ <u>2,785,500</u>
Total long-term debt	\$ <u>2,710,700</u>	\$ <u>2,785,500</u>

See Note 12 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for 2016:

The County's unemployment rate is currently 8.0%, compared to the 5.2% state average and the 5.5% national average.

With the continuation of conservative budgeting practices, the County's financial position should remain stable for the coming year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lynn Fairclough, Carroll County Auditor, 119 Public Square, Carrollton, OH 44615-1495.

CARROLL COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 16,290,500	\$ 2,581,481	\$ 18,871,981	\$ 171,003
Cash in segregated accounts	570,620	71,020	641,640	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	795,444	-	795,444	-
Property and other taxes	5,075,282	-	5,075,282	-
Accounts	89,579	70,790	160,369	28,014
Due from other governments	2,575,288	-	2,575,288	-
Accrued interest	3,109	-	3,109	-
Loans	21,898	-	21,898	-
Materials and supplies inventory	553,451	-	553,451	-
Prepayments	124,470	-	124,470	-
Net pension asset	37,798	940	38,738	-
Restricted assets:				
Equity in pooled cash and cash equivalents .	-	28,970	28,970	-
Capital assets:				
Land	1,281,910	1,532,300	2,814,210	-
Depreciable capital assets, net	31,266,017	14,751,315	46,017,332	627,800
Total capital assets, net	32,547,927	16,283,615	48,831,542	627,800
Total assets	58,685,366	19,036,816	77,722,182	826,817
Deferred outflows of resources:				
Pension OPERS	1,782,351	44,312	1,826,663	-
Pension STRS	111,866	-	111,866	-
Total deferred outflows of resources	1,894,217	44,312	1,938,529	-
Liabilities:				
Accounts payable	327,397	14,801	342,198	-
Contracts payable	19,532	-	19,532	-
Accrued wages and benefits payable	206,077	4,134	210,211	6,619
Due to other governments	157,293	2,702	159,995	-
Accrued interest payable	3,754	31,866	35,620	-
Amount to be repaid to claimants	2,008	-	2,008	-
Unearned revenue	-	-	-	87,456
Long-term liabilities:				
Due within one year	231,332	140,801	372,133	15,066
Due in more than one year:				
Net pension liability	10,534,458	239,096	10,773,554	-
Other amounts due in more than one year . . .	1,489,827	4,251,662	5,741,489	105,458
Total liabilities	12,971,678	4,685,062	17,656,740	214,599
Deferred inflows of resources:				
Property and other taxes levied for the next fiscal year	4,865,000	-	4,865,000	-
Pension OPERS	180,489	4,487	184,976	-
Pension STRS	172,703	-	172,703	-
Total deferred inflows of resources	5,218,192	4,487	5,222,679	-
Net position:				
Net investment in capital assets	31,880,258	13,572,915	45,453,173	627,800
Restricted for:				
Debt service	-	28,970	28,970	-
Public works projects	4,224,221	-	4,224,221	-
Human services programs	852,704	-	852,704	-
Other purposes	2,570,248	-	2,570,248	-
Unrestricted	2,862,282	789,694	3,651,976	(15,582)
Total net position	\$ 42,389,713	\$ 14,391,579	\$ 56,781,292	\$ 612,218

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 3,927,164	\$ 1,828,422	\$ 43,700	\$ -
Judicial	1,198,936	381,492	-	-
Public safety	2,926,247	331,486	305,772	-
Public works	5,722,321	282,368	4,126,108	2,721,446
Health	4,712,160	503,591	1,409,124	-
Human services	5,393,512	1,119,802	2,990,884	-
Economic development and assistance	301,534	-	228,589	-
Urban development and housing	-	-	8	-
Other	6,687	-	-	-
Interest and fiscal charges	24,554	-	-	-
Total governmental activities	<u>24,213,115</u>	<u>4,447,161</u>	<u>9,104,185</u>	<u>2,721,446</u>
Business-type activities:				
Sewer	961,759	846,279	-	-
Atwood Lodge Properties	897,269	-	-	-
Landfill	72,183	-	41,322	-
Total business-type activities	<u>1,931,211</u>	<u>846,279</u>	<u>41,322</u>	<u>-</u>
Total primary government	<u>\$ 26,144,326</u>	<u>\$ 5,293,440</u>	<u>\$ 9,145,507</u>	<u>\$ 2,721,446</u>
Component Unit:				
Carroll Hills Industries, Inc	<u>\$ 667,965</u>	<u>\$ 117,230</u>	<u>\$ 600,796</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:

- General purposes
- Human services - County Board of DD
- Human services - County Home
- Public works - Road Levy

Sales taxes

Grants and entitlements not restricted to specific programs.

Oil and gas lease revenues.

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,055,042)	\$ -	\$ (2,055,042)	\$ -
(817,444)	-	(817,444)	-
(2,288,989)	-	(2,288,989)	-
1,407,601	-	1,407,601	-
(2,799,445)	-	(2,799,445)	-
(1,282,826)	-	(1,282,826)	-
(72,945)	-	(72,945)	-
8	-	8	-
(6,687)	-	(6,687)	-
(24,554)	-	(24,554)	-
<u>(7,940,323)</u>	<u>-</u>	<u>(7,940,323)</u>	<u>-</u>
-	(115,480)	(115,480)	-
-	(897,269)	(897,269)	-
-	(30,861)	(30,861)	-
-	<u>(1,043,610)</u>	<u>(1,043,610)</u>	<u>-</u>
<u>(7,940,323)</u>	<u>(1,043,610)</u>	<u>(8,983,933)</u>	<u>-</u>
-	-	-	50,061
2,031,839	-	2,031,839	-
2,681,991	-	2,681,991	-
847,203	-	847,203	-
296,675	-	296,675	-
3,261,211	-	3,261,211	-
1,483,853	-	1,483,853	-
348,795	-	348,795	-
21,248	1,085	22,333	-
545,720	6,133	551,853	-
<u>11,518,535</u>	<u>7,218</u>	<u>11,525,753</u>	<u>-</u>
<u>4,709</u>	<u>(4,709)</u>	<u>-</u>	<u>-</u>
<u>11,523,244</u>	<u>2,509</u>	<u>11,525,753</u>	<u>-</u>
3,582,921	(1,041,101)	2,541,820	50,061
38,806,792	15,432,680	54,239,472	562,157
<u>\$ 42,389,713</u>	<u>\$ 14,391,579</u>	<u>\$ 56,781,292</u>	<u>\$ 612,218</u>

CARROLL COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>County Home</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 4,986,385	\$ 3,098,672	\$ 2,554,336	\$ 438,212
Cash in segregated accounts	23,857	-	524,261	22,502
Receivables (net of allowance for uncollectibles):				
Sales taxes	795,444	-	-	-
Property and other taxes	1,713,085	-	2,212,936	916,763
Accounts	27,966	2,104	10,659	-
Due from other governments	520,333	1,836,926	100,000	45,000
Accrued interest	3,109	-	-	-
Interfund loans	47,773	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Prepayments	116,717	598	1,510	1,288
Materials and supplies inventory	8,995	535,522	-	-
Total assets	<u>\$ 8,243,664</u>	<u>\$ 5,473,822</u>	<u>\$ 5,403,702</u>	<u>\$ 1,423,765</u>
Liabilities:				
Accounts payable	\$ 89,203	\$ 52,617	\$ 25,011	\$ 36,586
Contracts payable	-	-	-	-
Accrued wages and benefits	46,452	20,184	68,967	19,967
Compensated absences payable	-	-	-	5,688
Due to other governments	48,776	14,882	36,755	13,992
Interfund loans payable	-	-	-	-
Due to other funds	-	-	-	-
Amount to be repaid to claimants	2,008	-	-	-
Total liabilities	<u>186,439</u>	<u>87,683</u>	<u>130,733</u>	<u>76,233</u>
Deferred inflows of resources:				
Property and other taxes levied for the next fiscal year	1,650,000	-	2,125,000	890,000
Sales tax revenue not available	268,988	-	-	-
Delinquent property tax revenue not available . .	63,085	-	87,936	26,763
Accrued interest not available	3,109	-	-	-
Intergovernmental revenue not available	357,133	1,199,615	100,000	45,000
Total deferred inflows of resources	<u>2,342,315</u>	<u>1,199,615</u>	<u>2,312,936</u>	<u>961,763</u>
Fund balances:				
Nonspendable	154,078	536,120	1,510	1,288
Restricted	-	3,650,404	2,958,523	384,481
Committed	140,087	-	-	-
Assigned	2,814,905	-	-	-
Unassigned (deficit)	2,605,840	-	-	-
Total fund balances	<u>5,714,910</u>	<u>4,186,524</u>	<u>2,960,033</u>	<u>385,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,243,664</u>	<u>\$ 5,473,822</u>	<u>\$ 5,403,702</u>	<u>\$ 1,423,765</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,212,895	\$ 16,290,500
-	570,620
-	795,444
232,498	5,075,282
48,850	89,579
73,029	2,575,288
-	3,109
-	47,773
11,620	11,620
21,898	21,898
4,357	124,470
8,934	553,451
<u>\$ 5,614,081</u>	<u>\$ 26,159,034</u>
\$ 123,980	\$ 327,397
19,532	19,532
50,507	206,077
-	5,688
42,888	157,293
47,773	47,773
11,620	11,620
-	2,008
<u>296,300</u>	<u>777,388</u>
200,000	4,865,000
-	268,988
32,498	210,282
-	3,109
30,181	1,731,929
<u>262,679</u>	<u>7,079,308</u>
35,189	728,185
4,190,347	11,183,755
871,208	1,011,295
-	2,814,905
<u>(41,642)</u>	<u>2,564,198</u>
<u>5,055,102</u>	<u>18,302,338</u>
<u>\$ 5,614,081</u>	<u>\$ 26,159,034</u>

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CARROLL COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

Total governmental fund balances		\$ 18,302,338
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,547,927
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property and other taxes receivable	\$ 210,282	
Sales tax receivable	268,988	
Intergovernmental receivable	1,731,929	
Accrued interest receivable	3,109	
Total	<u>3,109</u>	2,214,308
Accrued interest payable on long-term bonds is not due and payable in the current period and therefore is not reported in the funds.		(3,754)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	37,798	
Deferred outflows of resources	1,894,217	
Deferred inflows of resources	(353,192)	
Net pension liability	(10,534,458)	
Total	<u>(10,534,458)</u>	(8,955,635)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(354,300)	
OWDA loans payable	(68,176)	
Compensated absences payable	(1,047,802)	
Capital leases payable	(245,193)	
Total	<u>(1,715,471)</u>	(1,715,471)
Net position of governmental activities		\$ <u><u>42,389,713</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>County Home</u>
Revenues:				
Property and other taxes	\$ 2,025,701	\$ -	\$ 2,673,435	\$ 844,599
Sales taxes	3,349,252	-	-	-
Charges for services	1,330,421	-	374,156	1,016,833
Licenses and permits	14,988	-	-	-
Fines and forfeitures	58,238	30,487	-	-
Intergovernmental	1,059,457	3,723,467	1,716,759	99,771
Investment income	19,471	4,704	3,157	-
Rental income	9,200	-	-	-
Contributions and donations	-	-	-	1,500
Oil and gas lease	348,795	-	-	-
Other	347,324	22,829	-	38,816
Total revenues	<u>8,562,847</u>	<u>3,781,487</u>	<u>4,767,507</u>	<u>2,001,519</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,458,547	-	-	-
Judicial	1,091,428	-	-	-
Public safety	2,489,725	-	-	-
Public works	107,174	3,555,949	-	-
Health	55,847	-	4,388,017	-
Human services	247,276	-	-	1,836,368
Economic development and assistance	142,400	-	-	-
Capital outlay	6,462	-	-	-
Other	-	-	-	-
Debt service:				
Principal retirement	110,551	-	-	-
Interest and fiscal charges	24,458	-	-	-
Total expenditures	<u>7,733,868</u>	<u>3,555,949</u>	<u>4,388,017</u>	<u>1,836,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>828,979</u>	<u>225,538</u>	<u>379,490</u>	<u>165,151</u>
Other financing sources (uses):				
Capital lease transaction	6,462	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(718,495)	-	-	-
Total other financing sources (uses)	<u>(712,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	116,946	225,538	379,490	165,151
Fund balances at beginning of year	<u>5,597,964</u>	<u>3,960,986</u>	<u>2,580,543</u>	<u>220,618</u>
Fund balances at end of year	<u>\$ 5,714,910</u>	<u>\$ 4,186,524</u>	<u>\$ 2,960,033</u>	<u>\$ 385,769</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 293,513	\$ 5,837,248
-	3,349,252
1,485,481	4,206,891
22,504	37,492
25,386	114,111
4,682,606	11,282,060
6	27,338
-	9,200
16,898	18,398
-	348,795
216,218	625,187
6,742,612	25,855,972

443,894	3,902,441
127,813	1,219,241
435,649	2,925,374
852,448	4,515,571
134,778	4,578,642
3,404,470	5,488,114
163,442	305,842
808,828	815,290
6,687	6,687
1,410	111,961
186	24,644
6,379,605	23,893,807

363,007	1,962,165
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-	6,462
723,204	723,204
-	(718,495)
723,204	11,171

1,086,211	1,973,336
3,968,891	16,329,002
\$ 5,055,102	\$ 18,302,338

CARROLL COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds \$ 1,973,336

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$	3,382,976	
Current year depreciation		(1,780,963)	
Total			1,602,013

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (25,465)

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

Property and other taxes		20,460	
Sales tax		(88,041)	
Intergovernmental		(28,900)	
Accrued interest		1,777	
Total			(94,704)

Repayment of long-term debt, such as bonds, loans, and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net position. 111,961

Capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position. (6,462)

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, interest expenditures are reported when due. 90

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,289,015

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,201,610)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (65,253)

Change in net position of governmental activities \$ 3,582,921

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property and other taxes	\$ 1,650,000	\$ 2,261,254	\$ 2,026,337	\$ (234,917)
Sales taxes	2,500,000	3,426,144	3,514,331	88,187
Charges for services	1,107,200	1,517,370	1,085,398	(431,972)
Licenses and permits	15,400	21,105	14,988	(6,117)
Fines and forfeitures	62,000	84,968	58,860	(26,108)
Intergovernmental	650,000	890,797	1,050,927	160,130
Investment income	6,000	8,223	19,471	11,248
Rental income	9,600	13,156	9,200	(3,956)
Other	201,000	275,462	586,316	310,854
Total revenues	6,201,200	8,498,479	8,365,828	(132,651)
Expenditures:				
Current:				
General government:				
Legislative and executive	3,699,575	3,752,527	3,515,945	236,582
Judicial	1,221,688	1,239,174	1,142,728	96,446
Public safety	2,655,641	2,693,651	2,590,373	103,278
Public works	122,853	124,611	119,448	5,163
Health	68,940	69,927	69,899	28
Human services	347,872	352,851	286,146	66,705
Economic development and assistance	140,391	142,400	142,400	-
Total expenditures	8,256,960	8,375,141	7,866,939	508,202
Excess (deficiency) of revenues over (under) expenditures	(2,055,760)	123,338	498,889	375,551
Other financing sources (uses):				
Transfers in	-	-	11,324	11,324
Transfers out	(743,036)	(753,671)	(753,671)	-
Advances in	-	-	93,222	93,222
Advances out	-	-	(47,773)	(47,773)
Total other financing sources (uses)	(743,036)	(753,671)	(696,898)	56,773
Net change in fund balance	(2,798,796)	(630,333)	(198,009)	432,324
Fund balance at beginning of year	3,116,196	3,116,196	3,116,196	-
Prior year encumbrances appropriated	177,139	177,139	177,139	-
Fund balance at end of year	\$ 494,539	\$ 2,663,002	\$ 3,095,326	\$ 432,324

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,556,500	\$ 3,676,988	\$ 3,676,988	\$ -
Fines and forfeitures	30,000	30,526	30,526	-
Investment income	3,000	4,704	4,704	-
Other	10,000	22,829	22,829	-
Total revenues	3,599,500	3,735,047	3,735,047	-
Expenditures:				
Current:				
Public works.	4,395,600	4,395,600	3,991,828	403,772
Net change in fund balance.	(796,100)	(660,553)	(256,781)	403,772
Fund balance at beginning of year	2,815,826	2,815,826	2,815,826	-
Prior year encumbrances appropriated	316,558	316,558	316,558	-
Fund balance at end of year	\$ 2,336,284	\$ 2,471,831	\$ 2,875,603	\$ 403,772

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 1,925,000	\$ 2,674,320	\$ 2,674,320	\$ -
Charges for services	400,000	370,805	370,805	-
Intergovernmental	1,515,402	1,820,407	1,820,407	-
Total revenues	3,840,402	4,865,532	4,865,532	-
Expenditures:				
Current:				
Health	4,518,128	4,721,724	4,461,587	260,137
Net change in fund balance.	(677,726)	143,808	403,945	260,137
Fund balance at beginning of year	1,965,881	1,965,881	1,965,881	-
Prior year encumbrances appropriated	59,803	59,803	59,803	-
Fund balance at end of year	\$ 1,347,958	\$ 2,169,492	\$ 2,429,629	\$ 260,137

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY HOME
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 800,000	\$ 850,168	\$ 844,868	\$ (5,300)
Charges for services	1,000,000	1,062,709	1,045,656	(17,053)
Intergovernmental	90,000	95,644	99,771	4,127
Contributions and donations	-	-	1,500	1,500
Other	1,000	1,063	19,289	18,226
Total revenues	1,891,000	2,009,584	2,011,084	1,500
Expenditures:				
Current:				
Human services	2,042,886	2,048,886	1,894,238	154,648
Net change in fund balance.	(151,886)	(39,302)	116,846	156,148
Fund balance at beginning of year	221,274	221,274	221,274	-
Prior year encumbrances appropriated	24,078	24,078	24,078	-
Fund balance at end of year	\$ 93,466	\$ 206,050	\$ 362,198	\$ 156,148

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Sewer	Atwood Lodge Properties	Landfill	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 516,658	\$ 2,044,027	\$ 20,796	\$ 2,581,481
Cash in segregated accounts	71,020	-	-	71,020
Receivables (net of allowance for uncollectibles):				
Accounts	70,790	-	-	70,790
Total current assets	<u>658,468</u>	<u>2,044,027</u>	<u>20,796</u>	<u>2,723,291</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	28,970	-	-	28,970
Net pension asset	940	-	-	940
Capital assets:				
Land	7,500	1,524,800	-	1,532,300
Depreciable capital assets, net.	5,191,806	9,559,509	-	14,751,315
Total capital assets, net.	<u>5,199,306</u>	<u>11,084,309</u>	<u>-</u>	<u>16,283,615</u>
Total noncurrent assets	<u>5,229,216</u>	<u>11,084,309</u>	<u>-</u>	<u>16,313,525</u>
Total assets	<u>5,887,684</u>	<u>13,128,336</u>	<u>20,796</u>	<u>19,036,816</u>
Deferred outflows of resources:				
Pension - OPERS	44,312	-	-	44,312
Total deferred outflows of resources	<u>44,312</u>	<u>-</u>	<u>-</u>	<u>44,312</u>
Liabilities:				
Current liabilities:				
Accounts payable.	14,801	-	-	14,801
Accrued wages and benefits payable	4,134	-	-	4,134
Due to other governments	2,702	-	-	2,702
Accrued interest payable	31,866	-	-	31,866
Compensated absences payable - current.	9,613	-	-	9,613
Estimated liability for landfill post closure costs	-	-	53,088	53,088
Revenue bonds payable - current.	78,100	-	-	78,100
Total current liabilities	<u>141,216</u>	<u>-</u>	<u>53,088</u>	<u>194,304</u>
Long-term liabilities:				
Compensated absences payable	16,720	-	-	16,720
Revenue bonds payable	2,632,600	-	-	2,632,600
Estimated accrued liability for landfill post closure costs	-	-	1,602,342	1,602,342
Net pension liability	239,096	-	-	239,096
Total long-term liabilities	<u>2,888,416</u>	<u>-</u>	<u>1,602,342</u>	<u>4,490,758</u>
Total liabilities	<u>3,029,632</u>	<u>-</u>	<u>1,655,430</u>	<u>4,685,062</u>
Deferred inflows of resources:				
Pension - OPERS	4,487	-	-	4,487
Total deferred inflows of resources	<u>4,487</u>	<u>-</u>	<u>-</u>	<u>4,487</u>
Net position:				
Net investment in capital assets.	2,488,606	11,084,309	-	13,572,915
Restricted	28,970	-	-	28,970
Unrestricted (deficit)	380,301	2,044,027	(1,634,634)	789,694
Total net position (deficit)	<u>\$ 2,897,877</u>	<u>\$ 13,128,336</u>	<u>\$ (1,634,634)</u>	<u>\$ 14,391,579</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Sewer	Atwood Lodge Properties	Landfill	Total
Operating revenues:				
Charges for services	\$ 846,279	\$ -	\$ -	\$ 846,279
Other	6,133	-	-	6,133
Total operating revenues.	<u>852,412</u>	<u>-</u>	<u>-</u>	<u>852,412</u>
Operating expenses:				
Personal services	345,434	-	-	345,434
Contract services.	180,656	26,175	-	206,831
Materials and supplies.	61,097	1,846	-	62,943
Depreciation.	232,189	860,571	-	1,092,760
Landfill post-closure costs	-	-	72,183	72,183
Other.	17,686	8,677	-	26,363
Total operating expenses.	<u>837,062</u>	<u>897,269</u>	<u>72,183</u>	<u>1,806,514</u>
Operating income (loss)	<u>15,350</u>	<u>(897,269)</u>	<u>(72,183)</u>	<u>(954,102)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(124,697)	-	-	(124,697)
Interest income.	1,085	-	-	1,085
Intergovernmental	-	-	41,322	41,322
Total nonoperating revenues (expenses)	<u>(123,612)</u>	<u>-</u>	<u>41,322</u>	<u>(82,290)</u>
Loss before transfer out.	(108,262)	(897,269)	(30,861)	(1,036,392)
Transfer out	-	-	(4,709)	(4,709)
Change in net position	(108,262)	(897,269)	(35,570)	(1,041,101)
Net position (deficit) at beginning of year (restated) .	<u>3,006,139</u>	<u>14,025,605</u>	<u>(1,599,064)</u>	<u>15,432,680</u>
Net position (deficit) at end of year	<u>\$ 2,897,877</u>	<u>\$ 13,128,336</u>	<u>\$ (1,634,634)</u>	<u>\$ 14,391,579</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Sewer	Atwood Lodge Properties	Landfill	Total
Cash flows from operating activities:				
Cash received from charges for services	\$ 838,348	\$ -	\$ -	\$ 838,348
Cash received from other operations	6,133	-	-	6,133
Cash payments for personal services	(353,647)	-	-	(353,647)
Cash payments for contractual services	(182,050)	(26,175)	(125,047)	(333,272)
Cash payments for materials and supplies	(66,221)	(1,846)	-	(68,067)
Cash payments for other expenses	(17,686)	(8,677)	-	(26,363)
Net cash provided by (used in) operating activities . . .	<u>224,877</u>	<u>(36,698)</u>	<u>(125,047)</u>	<u>63,132</u>
Cash flows from noncapital financing activities:				
Cash received from grants	-	-	41,322	41,322
Cash used in transfers out	-	-	(4,709)	(4,709)
Net cash provided by noncapital financing activities . .	<u>-</u>	<u>-</u>	<u>36,613</u>	<u>36,613</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(12,308)	(84,043)	-	(96,351)
Principal payments on revenue bonds	(74,800)	-	-	(74,800)
Interest and fiscal charges	(125,383)	-	-	(125,383)
Net cash used in capital and related financing activities .	<u>(212,491)</u>	<u>(84,043)</u>	<u>-</u>	<u>(296,534)</u>
Cash flows from investing activities:				
Interest received	1,085	-	-	1,085
Net cash provided by investing activities	<u>1,085</u>	<u>-</u>	<u>-</u>	<u>1,085</u>
Net increase (decrease) in cash and cash equivalents . . .	13,471	(120,741)	(88,434)	(195,704)
Cash and cash equivalents at beginning of year	603,177	2,164,768	109,230	2,877,175
Cash and cash equivalents at end of year	<u>\$ 616,648</u>	<u>\$ 2,044,027</u>	<u>\$ 20,796</u>	<u>\$ 2,681,471</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 15,350	\$ (897,269)	\$ (72,183)	\$ (954,102)
Adjustments:				
Depreciation	232,189	860,571	-	1,092,760
Changes in assets and liabilities:				
Increase in accounts receivable	(7,931)	-	-	(7,931)
Increase in net pension asset	(684)	-	-	(684)
Increase in deferred outflows - pension - OPERS . . .	(13,984)	-	-	(13,984)
Decrease in landfill post-closure care liability	-	-	(52,000)	(52,000)
Decrease in accounts payable	(6,518)	-	(864)	(7,382)
Increase in accrued wages and benefits	1,183	-	-	1,183
Decrease in due to other governments	(2,380)	-	-	(2,380)
Increase in net pension liability	5,400	-	-	5,400
Increase in deferred inflows - pension - OPERS	4,487	-	-	4,487
Decrease in compensated absences payable	(2,235)	-	-	(2,235)
Net cash provided by (used in) operating activities	<u>\$ 224,877</u>	<u>\$ (36,698)</u>	<u>\$ (125,047)</u>	<u>\$ 63,132</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents . .	\$ 5,363,707
Cash in segregated accounts	191,973
Receivables:	
Property and other taxes.	28,532,265
Accounts	64,766
Special assessments	269,714
Intergovernmental.	1,347,773
Total assets	<u>\$ 35,770,198</u>
Liabilities:	
Accounts payable	\$ 49,940
Accrued wages and benefits	4,550
Due to other governments	764,404
Deposits held and due to others	34,951,304
Total liabilities	<u>\$ 35,770,198</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF THE COUNTY

Carroll County, Ohio (the "County"), was created in 1812. The County is governed by a board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate Court Judge and a County Municipal Court Judge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the County's accounting policies are described below:

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14, GASB Statement No. 39 and GASB Statement No. 61 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

BLENDED COMPONENT UNITS

Emergency Management Agency (EMA) - The financial activities of the EMA will be blended into the County's financial statements. The County Commissioners appoint a majority of the Board members and finance the operations of the EMA. The operations of the EMA are accounted for in the general fund. Capital assets and long-term obligations associated with the EMA are reflected in the statement of net position.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Carroll County Economic Development Council (Council) - The Council's Board is comprised of the Carroll County Commissioners which appoint an Advisory Committee to oversee the operations of the Council. The Council is not legally separate from the County and, therefore, its financial activities are blended with that of the County. The operations of the Council are accounted for as a separate nonmajor governmental fund.

Local Emergency Planning Commission (LEPC) - The LEPC consists of an eleven to fifteen member Board. The Board, which oversees the operations of the LEPC, is recommended by the County Commissioners and appointed by the State Emergency Response Commission (SERC). The members consist of County officials, a fire enforcement representative and representatives from County agencies, Red Cross, emergency medical services, a legal representative and a township trustee.

The LEPC receives its funding strictly through grant money received from the SERC to be used for the purpose of developing, preparing, reviewing, exercising or revising chemical emergency response and preparedness plans and awareness and education programs in the County. The approval of the County Commissioners is required for most major expenditures to be made. The operations of the LEPC are accounted for as a separate nonmajor governmental fund. Capital assets and long-term obligations associated with these operations are reflected in the statement of net position.

DISCRETELY PRESENTED COMPONENT UNIT

Carroll Hills Industries, Inc. (Industries) - The Industries is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Industries, under a contractual agreement with the Carroll County Board of Developmental Disabilities (County Board DD), provides sheltered employment for adults with developmental disabilities in the County. The Carroll County Board of DD provides the Industries with certain personnel, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Industries. Based on the significant services and resources provided by the County to the Industries and the Industries sole purpose of providing assistance to developmentally disabled adults of the County, the Industries is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. Separately issued financial statements can be obtained from the Carroll Hills Industries, Inc., Carrollton, Ohio.

RELATED ORGANIZATIONS

Carroll County Public Library (Library) - The Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners and three trustees are appointed by the Judge of Common Pleas court. The Board of Library trustees is a body politic and corporate, capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real and personal property, and of exercising such other powers and privileges as are conferred upon them by law. The Library Board approves their own budget and then sends a copy to the County budget commission. The County serves as the taxing authority for the Library, but the Library is not considered part of the County. The trustees adopt their own appropriations, hire and fire their own staff, authorize Library expenditures and do not rely on the County to finance deficits.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Carroll County Airport Authority (Authority) - The Authority is a separate legal entity from the County. The County appoints a voting majority of the Authority's Board, but is not "accountable" for its operations. The Authority is not fiscally dependent upon the County nor is there a financial benefit/burden relationship.

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County Treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCU's have been excluded from the County's basic financial statements, but the funds held on behalf of these PCU's in the County Treasury are included in the agency funds.

Carroll County Board of Health
Soil and Water Conservation District
Carroll County Regional Planning Commission

Information in the notes to the basic financial statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

JOINTLY GOVERNED ORGANIZATION

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

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the 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. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and State grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2015, Carroll County paid \$108,649 to MEORC for services.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINT VENTURES WITHOUT EQUITY INTEREST

Multi-County Juvenile Attention System (Attention System) - The Attention System, a six county operation, provides services to Carroll, Columbiana, Holmes, Stark, Tuscarawas and Wayne Counties. The Attention System consists of four group homes, four detention facilities, one treatment center and one shelter care facility. The Board of Trustees consists of three members from each County, with the exception of Stark County which has four members. Two members from each county are appointed by a Judge from that county (three from Stark County), and one member from each county is a County Commissioner. A Superintendent of the Attention System is appointed by the Board of Trustees. State grant monies are applied for from the Ohio Department of Youth Services and received by the Board of Trustees. Other revenues consist of County contributions based on prior year's usage and County population, and donations from organizations.

Policies are outlined by State guidelines, as well as the Board of Trustees of the Attention System.

The County cannot significantly influence operations, the Board has sole budgetary authority, the Board controls surpluses and deficits and the County is not legally or morally obligated for any debt. In 2015, the County contributed \$157,887 to the Attention System. Complete financial statements for the Attention System can be obtained from Melissa Clark, Director of Administrative Services of Multi-County Juvenile Attention System, 815 Faircrest St. S.W., Canton, Ohio 44706.

Carroll/Columbiana/Harrison Solid Waste Management District (Solid Waste District) - The Solid Waste District is a three county district. The twenty-one-member committee consists of the County Health Commissioner, or his appointee; the chairman of the County Commissioners, or his appointee; a member of the County Trustees Association; the Mayor of the largest municipality, or his appointee; two members of the public at large; and a representative of the generators of waste or an appointee, from each of the three counties.

The plan for the Solid Waste District has been in effect for approximately five years. The committee has thus far been financed through a portion of the tipping/disposal fees from the landfills, as well as from grant monies. Complete financial statements for the Solid Waste District can be obtained from their office located at 618B Canton Road N.W., Carrollton, Ohio 44615.

Alcohol, Drug Addiction and Mental Health Services Board of Carroll and Tuscarawas Counties (ADAMH Board) - The ADAMH Board is a two County non-profit corporation whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming, while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services. The Board of Trustees of the ADAMH Board consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Carroll and Tuscarawas Counties in the same proportion as each County's population bears to the total population of the two counties combined.

Tuscarawas County acts as the fiscal agent for the ADAMH Board. The Board receives tax revenue from Tuscarawas County and receives federal and State funding grant monies which are applied for and received by the Board of Trustees.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The County cannot significantly influence operations of the ADAMH Board. The Board has sole budgetary authority and controls surpluses and deficits and the County is not legally or morally obligated for the Board's debt. The ADAMH Board will not be included as part of Carroll County. Due to the ongoing financial relationship of the County to the ADAMH Board, it will be disclosed as a joint venture without equity interest in the County's financial statements. Complete financial statements from the ADAMH Board can be obtained from their office located at P.O. Box 6217, 1260 Monroe Street N.W., Suite 27N, New Philadelphia, Ohio 44663.

B. Basis of Presentation

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

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the single business-type activity of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

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

C. Fund Accounting

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor vehicle and gas tax fund - This fund accounts for and reports monies received by the County for State gasoline tax and vehicle registration fees that are restricted for County road and bridge maintenance, construction and improvements.

County Board of Developmental Disabilities (County Board of DD) fund - This fund accounts for and reports financial resources received from countywide property tax levy and federal and State grants that are restricted for use in the operation of a school and the costs of administering a workshop for the developmentally disabled.

County home fund - This fund accounts for and reports financial resources received from a countywide tax levy, Medicare and charges for services that are restricted to providing room, board and care of the indigent elderly population of the County.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The County's only proprietary funds are enterprise funds which are used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise funds:

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of Carroll County. The costs of providing these services are financed primarily through user charges. The sanitary sewer district has its own facilities and rate structure.

Atwood Lodge Properties - This fund accounts for the maintenance and monitoring operations of the Atwood Lodge and associated Golf Course.

Landfill - This fund accounts for the maintenance and monitoring functions of the sanitary landfill.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The County's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds account for assets held by the County for political subdivisions in 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.

D. Measurement Focus

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

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

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

E. 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. Proprietary and agency funds also 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 inflows and deferred outflows, 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, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year end.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources have been reported for the following items related to the County's net pension liability: (1) the net difference between projected and actual investment earnings on pension plan assets, (2) the County's contributions to the pension systems subsequent to the measurement date and (3) differences between employer's contributions and the employer's proportional share of contributions.

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

The County also reports deferred inflow of resources for the following items related to the County's net pension liability: (1) differences between expected and actual experience and (2) differences between employer's contributions and the employer's proportional share of contributions. These deferred inflows of resources are reported on both the government-wide and proprietary funds statement of net positions.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

F. Budgetary Data

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

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for Carroll Hill Industries (a discretely presented component unit of the County) is not reported because it is not included in the entity for which the "appropriated budget" is adopted and separate budgetary financial records are not maintained.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate issued during 2015.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2015 are included in the final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

Investments in nonparticipating interest-earning investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2015 amounted to \$19,471 which includes \$13,517 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Materials and Supplies Inventory

On government-wide and fund financial statements, purchased inventories are presented at cost. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains its capitalization threshold at \$1,000. The County's infrastructure consists of roads, bridges, culverts and sanitary sewers. 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.

All reported 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 replacements.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10 - 40 years	10-40 years
Buildings and improvements	5 - 40 years	40 years
Furniture and equipment	5 - 100 years	5 - 20 years
Infrastructure	4 - 60 years	50 years
Vehicles	5 - 30 years	N/A

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County's policy is to not capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is based on the sick leave accumulated at December 31, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2015, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepayments 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.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though they are a component of net current assets.

L. Accrued Liabilities and Long-term Obligations

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and loans are recognized as a liability in the fund financial statements when due.

M. Interfund Transactions

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Outstanding advances between funds are reported as “interfund loans receivable/payable” and “due from/to other funds”. These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”. The County had no “internal balances” at December 31, 2015.

N. Fund Balance

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

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

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

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

CARROLL COUNTY, OHIO

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 fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Commissioners.

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the sewer operations and other revenues related to the Atwood Lodge Properties fund and Landfill fund. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

P. Restricted Assets

Certain cash and cash equivalents are classified as restricted cash on the financial statements because their use is limited by debt covenants. Restricted cash balances have been reported also as restricted net position since they are not available for general operating use.

Q. Contributions of Capital

Contributions of capital in governmental fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During fiscal year 2015, the County received a capital contribution of capital assets in the form of road improvements. These contributed capital assets are reported as a capital contribution in the statement of activities.

R. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists primarily of programs to enhance the security of persons and property and the community environment.

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

S. Estimates

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

T. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For 2015, the County implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" 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 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the County's pension plan disclosures, as presented in Note 14 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities and business-type activities at January 1, 2015 have been restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 47,849,832
Net pension asset	10,301
Deferred outflows - payments subsequent to measurement date	1,251,360
Net pension liability	(10,163,460)
Deferred inflows	<u>(141,241)</u>
Restated net position at January 1, 2015	<u>\$ 38,806,792</u>

	<u>Business-Type Activities</u>	<u>Sewer Fund</u>
Net position as previously reported	\$ 15,635,792	\$ 3,209,251
Net pension asset	256	256
Deferred outflows - payments subsequent to measurement date	30,328	30,328
Net pension liability	<u>(233,696)</u>	<u>(233,696)</u>
Restated net position at January 1, 2015	<u>\$ 15,432,680</u>	<u>\$ 3,006,139</u>

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on governmental fund balances.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2015 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Selective traffic enforcement	\$ 31
Impaired driving enforcement	39
EMA	16,840
HMG	12,566
VOCA	8,006
Selective traffic enforcement FY16	1,404
Impaired driving enforcement FY16	2,756
<u>Major enterprise fund</u>	
Landfill	1,634,634

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

These funds complied with State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. The deficit net position in the Landfill enterprise fund resulted from the reporting of a \$1,655,430 liability for estimated post closure care costs.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into two categories.

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

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:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year-end, the County had \$833,613 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of "Deposits with Financial Institutions" below.

B. Deposits with Financial Institutions

At December 31, 2015, the carrying amount of all County deposits was \$25,098,271. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2015, \$23,669,562 of the County's bank balance of \$25,261,282 was exposed to custodial risk as discussed below, while \$1,591,720 was covered by the FDIC.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk 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. As permitted by Ohio Revised Code, the County’s deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all the 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.

C. Investments

At December 31, 2015, the County had no investments.

D. Reconciliation of Deposits and Investments to the Statement of Net Position

The following is a reconciliation of deposits and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2015:

<u>Deposits and investments per note</u>	
Carrying amount of deposits	\$ 25,098,271
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 16,861,120
Business-type activities	2,681,471
Agency funds	5,555,680
Total	<u>\$ 25,098,271</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 718,495
<u>Transfers from landfill fund to:</u>	
General fund	<u>4,709</u>
Total	<u>\$ 723,204</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers between governmental funds are eliminated for reporting on the statement of activities.

- B.** Interfund loans consisted of the following at December 31, 2015, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 47,773</u>

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received. Interfund loans payable/receivable between governmental funds are eliminated on the government-wide financial statements.

- C.** Due from/to other funds consisted of the following at December 31, 2015, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental fund	Nonmajor governmental fund	<u>\$ 11,620</u>

Amounts due from/to other funds represent amounts owed between funds for goods or services provided. The balances resulted from the time lag between the dates that payments between the funds are made. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the County its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all County operations for the year ended December 31, 2015 was \$11.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 478,560,470
Commercial/Industrial/Mineral	142,514,230
Public Utility Personal Property	<u>78,621,600</u>
Total Assessed Value	<u>\$ 699,696,300</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1985, the County Commissioners by resolution imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month of collection. In 2006, this tax was approved as a permanent tax by the voters of the County.

Proceeds of the sales and use tax are credited to the general fund. A receivable is recognized on the fund statements at year end for amounts that will be received from sales which occurred during 2015 and amounts that are measurable and available at year end are accrued as revenue. Sales and use tax revenue for 2015 amounted to \$3,349,252 in the general fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2015, consisted of accounts (billings for user charged services, including unbilled utility services); sales taxes; accrued interest; amounts due from other governments including grants, entitlements, shared revenues, and property taxes. All receivables are considered collectible in full and within one year, except for property taxes which, although ultimately collectible, include some portion of delinquencies that will not be collected within one year, and loans which are repaid over several years.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8 - RECEIVABLES - (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Sales taxes	\$ 795,444
Property and other taxes	5,075,282
Accounts	89,579
Due from other governments	2,575,288
Accrued interest	3,109
Loans	21,898

Business-type activities:

Accounts	70,790
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Receivables recorded on the County's financial statements are recorded to the extent the amounts are determined material and substantiated, not only by supporting documentation, but also by a reasonable systematic method of determining their existence, completeness, valuation and collectability. Using these criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable and, because collections are often significantly in arrears, the County is unable to determine a reasonable value.

NOTE 9 - CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2015 follows:

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/15</u>
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,281,910	\$ -	\$ -	\$ 1,281,910
Total capital assets, not being depreciated	<u>1,281,910</u>	<u>-</u>	<u>-</u>	<u>1,281,910</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	243,105	25,668	-	268,773
Building and improvements	15,502,041	153,108	(7,497)	15,647,652
Furniture and equipment	5,737,626	280,779	(117,079)	5,901,326
Vehicles	5,053,954	545,742	(215,942)	5,383,754
Infrastructure	<u>48,889,530</u>	<u>2,377,679</u>	<u>(41,460)</u>	<u>51,225,749</u>
Total capital assets, being depreciated	<u>75,426,256</u>	<u>3,382,976</u>	<u>(381,978)</u>	<u>78,427,254</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(217,812)	(2,792)	-	(220,604)
Building and improvements	(11,981,365)	(196,197)	7,497	(12,170,065)
Furniture and equipment	(3,943,120)	(306,311)	98,364	(4,151,067)
Vehicles	(3,651,025)	(219,762)	209,192	(3,661,595)
Infrastructure	<u>(25,943,465)</u>	<u>(1,055,901)</u>	<u>41,460</u>	<u>(26,957,906)</u>
Total accumulated depreciation	<u>(45,736,787)</u>	<u>(1,780,963)</u>	<u>356,513</u>	<u>(47,161,237)</u>
Total capital assets, being depreciated net	<u>29,689,469</u>	<u>1,602,013</u>	<u>(25,465)</u>	<u>31,266,017</u>
Governmental activities capital assets, net	<u>\$ 30,971,379</u>	<u>\$ 1,602,013</u>	<u>\$ (25,465)</u>	<u>\$ 32,547,927</u>

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:

Legislative and executive	\$ 251,225
Judicial	28,129
Public safety	71,589
Public works	1,251,010
Health	140,126
Human services	38,094
Economic development and assistance	<u>790</u>

Total depreciation expense - governmental activities \$ 1,780,963

Business-type activities capital asset activity for the year ended December 31, 2015 follows:

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/15</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,532,300	\$ -	\$ -	\$ 1,532,300
Total capital assets, not being depreciated	<u>1,532,300</u>	<u>-</u>	<u>-</u>	<u>1,532,300</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	262,371	-	-	262,371
Buildings and improvements	10,955,850	9,350	-	10,965,200
Machinery and equipment	2,477,700	87,001	(2,992)	2,561,709
Sewer lines	<u>10,072,978</u>	<u>-</u>	<u>-</u>	<u>10,072,978</u>
Total capital assets, being depreciated	<u>23,768,899</u>	<u>96,351</u>	<u>(2,992)</u>	<u>23,862,258</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(45,978)	(26,237)	-	(72,215)
Buildings and improvements	(1,697,635)	(535,898)	-	(2,233,533)
Machinery and equipment	(1,529,234)	(330,671)	2,992	(1,856,913)
Sewer lines	<u>(4,748,328)</u>	<u>(199,954)</u>	<u>-</u>	<u>(4,948,282)</u>
Total accumulated depreciation	<u>(8,021,175)</u>	<u>(1,092,760)</u>	<u>2,992</u>	<u>(9,110,943)</u>
Total capital assets, being depreciated net	<u>15,747,724</u>	<u>(996,409)</u>	<u>-</u>	<u>14,751,315</u>
Business-type activities capital assets, net	<u>\$ 17,280,024</u>	<u>\$ (996,409)</u>	<u>\$ -</u>	<u>\$ 16,283,615</u>

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to enterprise funds as follows:

Business-type activities:

Sewer	\$ 232,189
Atwood Lodge Properties	<u>860,571</u>
Total depreciation expense - business-type activities	<u>\$ 1,092,760</u>

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

The County has entered into capitalized leases obligations for the acquisition of equipment, including new leases during 2015 for copiers and vehicles. These leases meet the criteria of a capital lease, which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$672,534. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in 2015 totaled \$97,051 in the general fund, and \$1,410 in nonmajor governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2015:

<u>Year</u> <u>Ending December 31,</u>	<u>Amount</u>
2016	\$ 103,283
2017	61,962
2018	48,293
2019	44,841
2020	<u>238</u>
Total minimum lease payment	258,617
Less: amount representing interest	<u>(13,424)</u>
Present value of minimum lease payments	<u>\$ 245,193</u>

NOTE 11 - COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net position. Vacation and sick leave earned by proprietary funds type employees is expensed when earned.

Upon termination of County service, fully vested employees are entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 30 days and all accumulated vacation. At December 31, 2015, benefits for vacation leave for governmental fund type employees totaled \$749,798 and benefits for sick leave totaled \$303,692. For proprietary fund types, benefits for vacation leave totaled \$9,613 and benefits for sick leave totaled \$16,720.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

The governmental activities long-term obligations have been restated as described in Note 3.A. The following activity occurred in the County's governmental long-term obligations during 2015:

Governmental activities:	Issue	Maturity	(Restated)			Balance	Amount Due
	<u>Date</u>	<u>Date</u>	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/15</u>	<u>in One Year</u>
<u>General obligation bonds:</u>							
County Building 4.25%	10/15/2009	10/1/2039	\$ 362,800	\$ -	\$ (8,500)	\$ 354,300	\$ 8,700
Total general obligation bonds			<u>362,800</u>	<u>-</u>	<u>(8,500)</u>	<u>354,300</u>	<u>8,700</u>
<u>Loans:</u>							
OWDA #5250	7/30/2009	N/A	<u>68,176</u>	<u>-</u>	<u>-</u>	<u>68,176</u>	<u>-</u>
Total loans			<u>68,176</u>	<u>-</u>	<u>-</u>	<u>68,176</u>	<u>-</u>
<u>Other long-term obligations:</u>							
Capital leases			337,192	6,462	(98,461)	245,193	96,476
Compensated absences			982,549	156,956	(86,015)	1,053,490	126,156
Net pension liability			10,163,460	370,998	-	10,534,458	-
Judgments payable			<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
Total other long-term obligations			<u>11,488,201</u>	<u>534,416</u>	<u>(189,476)</u>	<u>11,833,141</u>	<u>222,632</u>
Total governmental activities			<u>\$ 11,919,177</u>	<u>\$ 534,416</u>	<u>\$ (197,976)</u>	<u>\$ 12,255,617</u>	<u>\$ 231,332</u>

General Obligation Bonds: The general obligation bonds are supported by the full faith and credit of the County. The bonds were issued to provide resources for building renovations and improvements including energy conservation measures. These bonds are being retired through rental charges and other County operating sources. The County Building bond is being retired from the general fund.

OWDA Loans Payable: The County has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction of upgrading personal septic systems throughout the County. The amounts due to the OWDA are payable solely from the general permanent improvement fund (a nonmajor governmental fund). The loan agreement functions similar to a line-of-credit agreement. At December 31, 2015, the County has outstanding borrowings of \$68,176. The loan was not closed out as of December 31, 2015 and future debt service principal and interest requirements for the loan are not available.

Capital Leases: Capital lease obligations represent leases entered into for the acquisition of equipment and vehicles. The capital lease obligations will be paid from the fund that maintains custody of the related asset. See Note 10 for further detail.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Compensated Absences: Sick leave and vacation benefits are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the fund from which the person is paid, which, for the County, is primarily the general fund, the public assistance fund (a nonmajor governmental fund), the motor vehicle and gas tax fund, the County Board of DD fund and the bureau support administration fund (a nonmajor governmental fund).

Other Loans Payable: Other loans payable represent loans entered into by the County to purchase capital asset items including a new vehicle and a new security system. Principal and interest on these loans are paid from the general fund.

Judgments Payable: On January 26, 2006, the County entered into a repayment agreement to fulfill all settlement requirements in connection with the bankruptcy judgment of Norris Equipment. The judgement payable is being paid from the general fund. See Note 17.

Net Pension Liability: See Note 14 for detail

Future Debt Service Requirements: The following is a summary of the County's future annual debt service principal and interest requirements for governmental long-term obligations:

Year Ending December 31,	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 8,700	\$ 15,058	\$ 23,758
2017	9,200	14,688	23,888
2018	9,500	14,297	23,797
2019	10,000	13,893	23,893
2020	10,300	13,468	23,768
2021 - 2025	58,900	60,350	119,250
2026 - 2030	72,400	46,737	119,137
2031 - 2035	89,300	29,980	119,280
2036 - 2039	<u>86,000</u>	<u>9,329</u>	<u>95,329</u>
Total	<u>\$ 354,300</u>	<u>\$ 217,800</u>	<u>\$ 572,100</u>

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Long-Term Obligations

The business-type activities long-term obligations have been restated as described in Note 3.A. The following activity occurred in the County's business-type long-term obligations during 2015:

Business-type activities:	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	(Restated) <u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/15</u>	<u>Amount Due</u> <u>in One Year</u>
<u>Revenue bonds</u>							
Brown Township/Malvern Sewerline Improvements - 5.0%	02/07/79	02/07/19	\$ 93,600	\$ -	\$ (22,000)	\$ 71,600	\$ 22,900
Brown Township/Malvern Sewerline Improvements - 4.5%	10/01/01	10/01/41	2,519,000	-	(49,700)	2,469,300	51,900
United States Department of Agriculture, Rural Development - 4.25%	12/01/03	12/01/43	<u>172,900</u>	-	<u>(3,100)</u>	<u>169,800</u>	<u>3,300</u>
Total revenue bonds			<u>2,785,500</u>	-	<u>(74,800)</u>	<u>2,710,700</u>	<u>78,100</u>
<u>Other long-term obligations:</u>							
Compensated absences payable			28,568	4,251	(6,486)	26,333	9,613
Net pension liability			233,696	5,400	-	239,096	-
Estimated liability for landfill closure and post closure costs			<u>1,707,430</u>	-	<u>(52,000)</u>	<u>1,655,430</u>	<u>53,088</u>
Total other long-term obligations			<u>1,969,694</u>	<u>9,651</u>	<u>(58,486)</u>	<u>1,920,859</u>	<u>62,701</u>
Total business-type activities			<u>\$ 4,755,194</u>	<u>\$ 9,651</u>	<u>\$ (133,286)</u>	<u>\$ 4,631,559</u>	<u>\$ 140,801</u>

Revenue Bonds

The 1979, 2001 and 2003 revenue bonds were issued to provide resources for improvements to the Brown Township/Malvern sewerlines. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues. The total principal remaining to be paid on revenue bonds is \$2,710,700. Principal and interest paid for the current year and total customer net revenues was \$200,183 and \$247,539, respectively. These bonds will be retired through revenues derived from sewer operations in the sewer fund.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Estimated Landfill Closure and Post Closure Costs - See Note 18 to the financial statements for detail.

Future Debt Service Requirements: The following is a summary of the County's future annual debt service principal and interest requirements for enterprise fund obligations:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2016	\$ 78,100	\$ 121,915	\$ 200,015
2017	81,500	118,294	199,794
2018	85,100	114,516	199,616
2019	63,000	110,571	173,571
2020	65,600	107,746	173,346
2021 - 2025	375,800	491,761	867,561
2026 - 2030	468,000	399,574	867,574
2031 - 2035	582,800	284,770	867,570
2036 - 2040	725,800	141,784	867,584
2041 - 2043	185,000	9,518	194,518
Total	<u>\$ 2,710,700</u>	<u>\$ 1,900,449</u>	<u>\$ 4,611,149</u>

C. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$15,638,108 at December 31, 2015 and the unvoted legal debt margin was \$6,642,663 at December 31, 2015.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the 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. No county may have more than one representative on the Board at any one 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.

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded this insurance coverage in any of the past three years.

B. Health Care Insurance

The County has elected to provide health care insurance to employees through a fully-insured program. The County purchases commercial health care insurance from the County Employee Benefits Consortium of Ohio (CEBCO). The entire risk of loss transfers to the commercial insurance carrier. During 2015, the County offered a fully funded plan. The County's portion of the monthly premium under the health plan is \$437.86 for single, \$1,313.58 for family, \$964.58 for employee and spouse and \$786.84 for employee and children coverage.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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.

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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 %	12.0 %	12.0 %
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	14.1 %	14.1 %
Post-employment Health Care Benefits	2.0 %	4.0 %	4.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	11.5 %	12.1 %

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

The County's contractually required contribution for both the Traditional Pension Plan and the Combined Plan was \$1,297,129 for 2015. Of this amount, \$30,781 is reported as due to other governments.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For January 1, 2015 through June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. For July 1, 2015 through December 31, 2015, plan members were required to contribute 13 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2015 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$46,702 for 2015. Of this amount, \$1,478 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS total pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 9,856,329	\$ 917,225	\$ 10,773,554
Proportionate share of the net pension asset	38,738	-	38,738
Proportion of the net pension liability	0.08905100%	0.00331882%	
Proportion of the net pension asset	0.10963800%	-	
Pension expense	\$ 1,100,104	\$ 128,193	\$ 1,228,297

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 47,326	\$ 47,326
Net difference between projected and actual earnings on pension plan investments	528,269	-	528,269
Difference between employer contributions and proportionate share of contributions	1,265	41,189	42,454
County contributions subsequent to the measurement date	<u>1,297,129</u>	<u>23,351</u>	<u>1,320,480</u>
Total deferred outflows of resources	<u>\$ 1,826,663</u>	<u>\$ 111,866</u>	<u>\$ 1,938,529</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 184,976	\$ -	\$ 184,976
Net difference between projected and actual earnings on pension plan investments	-	171,897	171,897
Difference between employer contributions and proportionate share of contributions	-	806	806
Total deferred inflows of resources	<u>\$ 184,976</u>	<u>\$ 172,703</u>	<u>\$ 357,679</u>

\$1,320,480 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/asset in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:			
2016	\$ 51,349	\$ (29,414)	\$ 21,935
2017	51,349	(29,414)	21,935
2018	117,393	(29,417)	87,976
2019	130,662	4,057	134,719
2020	(1,406)	-	(1,406)
Thereafter	<u>(4,789)</u>	<u>-</u>	<u>(4,789)</u>
Total	<u>\$ 344,558</u>	<u>\$ (84,188)</u>	<u>\$ 260,370</u>

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OPERS

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

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

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	3 percent, simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

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

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

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

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 19,759,526	\$ 9,856,329	\$ 3,144,391
Combined Plan	5,482	(38,738)	(80,036)

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic 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	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 1,274,094	\$ 917,225	\$ 615,438

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2015 was 2.00% for members in the state and local category and 4.00% for members in the public safety and law enforcement categories.

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

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 15 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$209,949, \$110,317, and \$104,318, respectively; 97.96% has been contributed for 2015 and 100% has been contributed for 2014 and 2013. The remaining 2015 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS did not allocate any percentage of employer contributions to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2015, 2014 and 2013 were \$0, \$1,658 and \$3,195, respectively. The full amount has been contributed for 2015, 2014 and 2013.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General fund</u>	<u>Motor Vehicle and Gas Tax fund</u>	<u>County Board of DD fund</u>	<u>County Home fund</u>
Budget basis	\$ (198,009)	\$ (256,781)	\$ 403,945	\$ 116,846
Net adjustment for revenue accruals	(155,578)	46,440	(98,025)	(9,565)
Net adjustment for expenditure accruals	51,583	212,810	13,837	1,631
Net adjustment for other sources/uses	(38,987)	-	-	-
Funds budgeted elsewhere	228,595	-	-	-
Add-back year-end encumbrances	<u>229,342</u>	<u>223,069</u>	<u>59,733</u>	<u>56,239</u>
GAAP basis	<u>\$ 116,946</u>	<u>\$ 225,538</u>	<u>\$ 379,490</u>	<u>\$ 165,151</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund, trust fund, recorder's equipment fund, auditor's termination benefits fund and the title administration fund.

NOTE 17 - CONTINGENCIES

A. Grants

The County receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2015.

B. Litigation

The County is party to legal proceedings. The County's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the County at December 31, 2015.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - CONTINGENCIES - (Continued)

On October 5, 1995, Norris Enterprises, Inc., Norris Equipment and Fabricating, Inc., and the Carroll County Community Improvement Corporation jointly entered into a \$900,000 promissory note with the Citizens Banking Company. On December 4, 1995, Carroll County entered into an Unconditional Limited Suretyship Agreement whereby, in the event of default by the original debtors, the County may be called upon to repay the outstanding debt obligation to a maximum of \$450,000. In November 1999, Norris Enterprises, Inc. and Norris Equipment and Fabricating, Inc. filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code (11 U.S.C.).

On January 26, 2006, a repayment agreement was reached between the County and Sky Bank in regards to the \$450,000 loan outstanding. The agreement requires the County to pay \$50,000 to Sky Bank in \$5,000 annual installments for ten years. This amount is considered a full settlement of all obligations of the County. During 2015 the final payment of \$5,000 was made and no future obligations are owed by the County at this time.

NOTE 18 - LANDFILL POST CLOSURE COSTS

State and federal laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1993. During 2014, the County reached a legal agreement with the Ohio EPA, which reduced the amount of the landfill closure costs to be paid by the County. The landfill was capped during 2015 and the process moved into post closure as of December 31, 2015. The Village of Carrollton shares in the estimated liability disclosed. The Village and the County have pending negotiations regarding the Village's share of the liability. The estimated liability for the landfill is \$1,655,430 for post closure costs at December 31, 2015. The estimated cost of landfill postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2015. However, the actual cost of post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 19 - RELATED PARTY TRANSACTION

The Industries, a discretely presented component unit of the County, received contributions from the County for certain personnel salaries. The contributions are reflected as operating revenues in the Industries financial statements. For the year ended December 31, 2015, the contributions were \$455,902.

NOTE 20 - FEDERAL TRANSACTIONS

The Carroll County Department of Human Services (Welfare Department) distributes federal food stamps to entitled recipients within the County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Welfare Department merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 21 - CONDUIT DEBT OBLIGATION

In year 2001, the County served as an issuer of Ohio Health Care Facilities Revenue Bonds in the amount of \$3,180,000. The proceeds will be used to acquire, construct, improve and equip hospital facilities for St. John's Villa. St. John's Villa will make the principal and interest payments on the bonds. The facilities revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit or taxing power of the County pledged to make payment.

NOTE 22 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end, less any amounts reported as fund liabilities, may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 177,944
Motor vehicle and gas tax	170,175
County Board of DD	26,103
County home	17,697
Nonmajor governmental funds	<u>585,061</u>
 Total	 <u>\$ 976,980</u>

NOTE 23 - PAYMENT IN LIEU OF TAXES

According to State law, the County entered into a tax increment financing exemption agreement on September 18, 2015, with Chaela Enterprises, LLC (the "property owner") under which the County has granted a property tax exemption to the property owner and agreed to construct certain public infrastructure improvements. The property owner has agreed to make payments to the County to help pay the costs of the public infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owner would have paid if their taxes had not been exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by the owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The County did not receive any payment in lieu of taxes revenue in 2015.

NOTE 24 - ENTERPRISE ZONE AGREEMENT

Carroll County, Washington Township, and Carroll County Energy LLC entered into an Ohio Enterprise Zone Agreement (Agreement) effective December 22, 2014. The agreement was established to encourage the development of real property and the acquisition of personal property within the economic zone. Carroll County Energy LLC is constructing a new electric generating facility (the "Project"), which will create new employment opportunities in the enterprise zone. The Project is estimated to generate construction payroll of \$91,200,000 for a period of two to three years during the construction of the Project and create approximately 21 new full-time jobs upon completion. The Agreement provides for a real and public property tax exemption for Carroll County Energy LLC. The estimated starting date for construction of the Project is March 1, 2015, with a completion date of December 1, 2017.

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 25 - 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 resources in the 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 Gas Tax	County Board of DD	County Home	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 8,995	\$ 535,522	\$ -	\$ -	\$ 8,934	\$ 553,451
Prepays	116,717	598	1,510	1,288	4,357	124,470
Unclaimed monies	28,366	-	-	-	-	28,366
Long-term loans	-	-	-	-	21,898	21,898
Total nonspendable	154,078	536,120	1,510	1,288	35,189	728,185
Restricted:						
Legislative and executive	-	-	-	-	1,198,623	1,198,623
Judicial	-	-	-	-	311,882	311,882
Public safety	-	-	-	-	530,804	530,804
Public works	-	3,650,404	-	-	283,422	3,933,826
Health	-	-	2,958,523	-	29,344	2,987,867
Human services	-	-	-	384,481	1,717,384	2,101,865
Economic development and assistance	-	-	-	-	110,902	110,902
Urban development and housing	-	-	-	-	1,839	1,839
Other	-	-	-	-	6,147	6,147
Total restricted	-	3,650,404	2,958,523	384,481	4,190,347	11,183,755
Committed:						
Legislative and executive	105,759	-	-	-	21,144	126,903
Judicial	6,617	-	-	-	4,079	10,696
Public safety	2,477	-	-	-	471,251	473,728
Health	14,052	-	-	-	-	14,052
Capital projects	-	-	-	-	374,734	374,734
Public works	3,000	-	-	-	-	3,000
Human services	8,182	-	-	-	-	8,182
Total committed	140,087	-	-	-	871,208	1,011,295
Assigned:						
Public safety	18,457	-	-	-	-	18,457
Public works	1,378	-	-	-	-	1,378
Human services	13,087	-	-	-	-	13,087
Subsequent year appropriations	2,781,983	-	-	-	-	2,781,983
Total assigned	2,814,905	-	-	-	-	2,814,905
Unassigned (deficit)	2,605,840	-	-	-	(41,642)	2,564,198
Total fund balances	\$ 5,714,910	\$ 4,186,524	\$ 2,960,033	\$ 385,769	\$ 5,055,102	\$ 18,302,338

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 26 - CARROLL HILLS INDUSTRIES, INC.

A. Summary of Significant Accounting Policies

Nature of Operations

The organization is a sheltered workshop for mentally handicapped individuals and provides job and learning skills to its clients.

Method of Accounting

The organization prepares its financial statements on the accrual basis of accounting.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the organization, the accounts of the organization are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

Component Unit

The organization is a component unit of another government, the Carroll County Board of Developmental Disabilities, a component unit of Carroll County.

Accounts Receivable

The organization uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2015. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

<u>Description</u>	<u>Useful Lives</u>	<u>Method</u>
Buildings	39 years	Straight line
Furniture & Fixtures	5 - 7 years	Straight line
Vehicles & Equipment	5 years	Straight line
Parking Lot	15 years	Straight line

Donations

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 26 - CARROLL HILLS INDUSTRIES, INC. - (Continued)

Tax Status

As a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code, the organization is exempt from Federal and Ohio income taxes. Therefore, no provision has been made for Federal and Ohio income taxes in the accompanying financial statements.

Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

The organization expenses the production costs of advertising the first time the advertising takes place.

B. Deposits with Off Balance Sheet Risk

As of December 31, 2015, the organization had bank balances of \$171,003. Of these bank balances, \$171,003 was covered by federal depository insurance and \$0 was uncollateralized as of December 31, 2015.

C. Compensated Absences

Employees of the organization do not receive paid vacation or sick time. Therefore, no accrual for compensated absences is reflected in these financial statements.

D. Concentration of Credit Risk

The accounts receivable balance of the organization consists of balances due from clients operating primarily in East Central Ohio.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 26 - CARROLL HILLS INDUSTRIES, INC. - (Continued)

E. Risk Management

The organization 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. The organization carries commercial insurance to cover all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

F. Related Party Transactions

The organization had transactions during 2015 with other component units of Carroll County. As of December 31, 2015, the organization had accounts receivable from related party component units of \$12,533.

G. Donated Materials and Services

The wages of certain staff personnel working at the organization are paid by the Carroll County Board of Developmental Disabilities. The total wages, \$429,904 for 2015, are reflected in the organization's financial statements as grant income and salary expense.

The building from which the organization conducts its operations is donated by the Carroll County Board of Developmental Disabilities rent free. No amounts have been recorded in the financial statements of reflect the value of this contribution.

H. Contingencies

The organization operates a passenger van that has been substantially funded by federal grant monies through the Ohio Department of Transportation (ODOT). Under terms of the agreement, the organization must reimburse 80% (original funding ratio) of any residual fair market value of the vehicle to ODOT upon disposal.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 26 - CARROLL HILLS INDUSTRIES, INC. - (Continued)

I. Mortgage Payable

The organization has the following mortgage payable at December 31:

	<u>2015</u>
Mortgage payable, collateralized by commercial real estate, \$15,066 principal forgiven annually, with no interest, due in 2023.	\$ 120,524
Less: current portion	<u>(15,066)</u>
	<u>\$ 105,458</u>

Principal payments on the notes payable scheduled to be made are as follows for the years ending December 31:

2016	\$	15,066
2017		15,066
2018		15,066
2019		15,066
2020		15,066
Thereafter		<u>45,194</u>
		<u>\$ 120,524</u>

J. Unearned Revenue - DD Board

The organization entered into an agreement with the Carroll County Board of Developmental Disabilities under which the Board provided grant funding of \$163,980 for construction of a commercial building used as a habilitation center for mentally handicapped individuals. The property was constructed subject at a total cost of \$438,074. Per the agreement, the Board will forgive 1/15th of the mortgage each year.

K. Accounting for Uncertainty in Income Tax Positions

Effective January 1, 2009, generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of income. The Organization believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 26 - CARROLL HILLS INDUSTRIES, INC. - (Continued)

In general, the Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for tax years before 2010.

L. Subsequent Events

In evaluating events that may have a material impact on the financial statements, the Organization has considered activities through April 10, 2016, the date of the financial statements were available to be released.

NOTE 27 – SUBSEQUENT EVENT

The Atwood Lodge is scheduled to close after May 28, 2016. The County plans to either sell or auction the property.

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REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>		
County's proportion of the net pension liability	0.089051%	0.089051%
County's proportionate share of the net pension liability	\$ 9,856,329	\$ 9,633,708
County's covered-employee payroll	\$ 10,017,725	\$ 10,360,485
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	98.39%	92.99%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.36%
<i>Combined Plan:</i>		
County's proportion of the net pension asset	0.109638%	0.109638%
County's proportionate share of the net pension asset	\$ 38,738	\$ 10,557
County's covered-employee payroll	\$ 400,767	\$ 329,508
County's proportionate share of the net pension asset as a percentage of its covered-employee payroll	9.67%	3.20%
Plan fiduciary net position as a percentage of the total pension asset	114.83%	104.56%

Note: Information prior to 2013 was unavailable.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO YEARS

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.00331882%	0.00313873%
County's proportionate share of the net pension liability	\$ 917,225	\$ 763,448
County's covered-employee payroll	\$ 333,586	\$ 344,564
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	274.96%	221.57%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%

Note: Information prior to 2014 was unavailable.

Amounts presented as of the County's measurement date which is as of June 30 of the respective year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 1,250,856	\$ 1,202,127	\$ 1,346,863	\$ 1,023,329
Contributions in relation to the contractually required contribution	<u>(1,250,856)</u>	<u>(1,202,127)</u>	<u>(1,346,863)</u>	<u>(1,023,329)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 10,423,800	\$ 10,017,725	\$ 10,360,485	\$ 10,233,290
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	10.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 46,273	\$ 48,092	\$ 42,836	\$ 19,006
Contributions in relation to the contractually required contribution	<u>(46,273)</u>	<u>(48,092)</u>	<u>(42,836)</u>	<u>(19,006)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 385,608	\$ 400,767	\$ 329,508	\$ 239,069
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	7.95%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 996,970	\$ 942,470	\$ 869,059	\$ 760,933	\$ 871,203	\$ 917,765
<u>(996,970)</u>	<u>(942,470)</u>	<u>(869,059)</u>	<u>(760,933)</u>	<u>(871,203)</u>	<u>(917,765)</u>
<u>\$ -</u>					
\$ 9,969,700	\$ 10,569,757	\$ 10,696,111	\$ 10,870,471	\$ 10,433,569	\$ 9,975,707
10.00%	8.92%	8.13%	7.00%	8.35%	9.20%
\$ 17,569	\$ 12,333				
<u>(17,569)</u>	<u>(12,333)</u>				
<u>\$ -</u>	<u>\$ -</u>				
\$ 220,994	\$ 127,319				
7.95%	9.69%				

CARROLL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 46,702	\$ 48,239	\$ 41,529	\$ 37,302
Contributions in relation to the contractually required contribution	<u>(46,702)</u>	<u>(48,239)</u>	<u>(41,529)</u>	<u>(37,302)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 333,586	\$ 344,564	\$ 319,454	\$ 286,938
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 43,879	\$ 46,728	\$ 48,086	\$ 48,662	\$ 47,665	\$ 43,444
<u>(43,879)</u>	<u>(46,728)</u>	<u>(48,086)</u>	<u>(48,662)</u>	<u>(47,665)</u>	<u>(43,444)</u>
<u>\$ -</u>					
\$ 337,531	\$ 359,446	\$ 369,892	\$ 374,323	\$ 366,654	\$ 334,185
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

CARROLL COUNTY, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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

FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1516-11-0017		\$ 214,611
PASSED THROUGH OHIO DEPARTMENT OF EDUCATION				
National School Lunch Program	10.555	n/a		12,639
Total U.S. Department of Agriculture				227,250
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT OFFICE OF HOUSING AND COMMUNITY PARTNERSHIP				
<i>Community Development Block Grants/State's Program Cluster:</i>				
FY 12 Formula Grant	14.228	B-F-12-1AJ-1		8,025
FY 13 Formula Grant	14.228	B-F-13-1AJ-1		31,552
FY 14 Formula Grant	14.228	B-F-14-1AJ-1		67,241
Total Community Development Block Grants			\$ 31,000	106,818
Total U.S. Department of Housing and Urban Development			31,000	106,818
U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE OFFICE OF CRIMINAL JUSTICE				
Crime Victim Assistance	16.575	2014 SAGE NE 087		439
Crime Victim Assistance	16.575	2015-VOCA-10201493		44,604
Crime Victim Assistance	16.575	2015-VOCA-19810921		13,898
Total Crime Victim Assistance				58,941
Total U.S. Department of Justice				58,941
U.S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES VIA AREA 16 WORKFORCE INVESTMENT BOARD				
<i>WIA Cluster:</i>				
WIA Adult	17.258	n/a		49,958
WIA Youth Activities	17.259	n/a		500
WIA Dislocated Worker Formula Grants	17.278	n/a		59,752
Total WIA Cluster				110,210
Total U.S. Department of Labor				110,210
U.S. DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION				
Formula Grants for Other Than Urbanized Areas	20.509	094-RPTF-15-0100		206,999
Formula Grants for Other Than Urbanized Areas	20.509	RPTF-4094-034-141		66,169
Formula Grants for Other Than Urbanized Areas	20.509	BABF-0094-014-151		37,088
Formula Grants for Other Than Urbanized Areas	20.509	RTAP-7SCH-033-161		404
Formula Grants for Other Than Urbanized Areas	20.509	PLAN-9SCH-005-115		915
Formula Grants for Other Than Urbanized Areas	20.509	RPT-0010-033-132		48,603
Formula Grants for Other Than Urbanized Areas	20.509	RPTF-0094-034-143		10,807
Total Formula Grants for Other Than Urbanized Areas				370,985
PASSED THROUGH THE OHIO DEPARTMENT OF PUBLIC SAFETY				
State and Community Highway Safety	20.600	HVEO 2013-10-00-00-00396-00		4,439
State and Community Highway Safety	20.600	STEP-2015-10-00-00-00535-00		1,393
State and Community Highway Safety	20.600	STEP-2016-10-00-00-00456-00		5,832
Total State and Community Highway Safety				11,664
National Priority Safety Programs	20.616	IDEP-2015-10-00-00-00365-00		5,844
National Priority Safety Programs	20.616	IDEP-2016-10-00-00-00344-00		2,207
Total National Priority Safety Programs				8,051
Total Highway Safety Cluster				19,715
Total U.S. Department of Transportation				384,868

--CONTINUED--

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

FEDERAL GRANTOR/PASS-THROUGH GRANTEE/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
PASSED THROUGH VARIOUS SOURCES (SEE TICKMARKS)				
<i>Special Education Cluster:</i>				
{d} Special Education- Grants to States	84.027	n/a		31,613
{d} Special Education - Preschool Grants	84.173	n/a		5,983
Total Special Education Grant Cluster				<u>37,596</u>
{e} Special Education - Grants for Infants and Families	84.181	n/a		23,419
Total U.S. Department of Education				<u>61,015</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
PASSED THROUGH VARIOUS SOURCES (SEE TICKMARKS)				
{a} Promoting Safe and Stable Families	93.556	G-1516-11-0017		17,773
{a} Temporary Assistance for Needy Families (TANF)	93.558	G-1516-11-0017		818,053
{a} Child Support Enforcement	93.563	G-1516-11-0018		311,429
{a} Child Care and Development Block Grant	93.575	G-1516-11-0017		19,027
{a} Community-Based Child Abuse Prevention Grants	93.590	G-1516-11-0017		737
{a} Child Welfare Services - State Grants	93.645	G-1516-11-0017		40,000
{a} Foster Care Title IV-E	93.658	G-1516-11-0017		75,123
{a} Adoption Assistance	93.659	G-1516-11-0017		29,935
{a} Social Services Block Grant	93.667	G-1516-11-0017		293,483
{c} Social Services Block Grant	93.667	n/a		20,471
Total Social Services Block Grant				<u>313,954</u>
{a} Chafee Foster Care Independence Program	93.674	G-1516-11-0017		11,941
{a} Medical Assistance Program	93.778	G-1516-11-0017		318,033
{c} Medical Assistance Program	93.778	n/a		103,501
Total Medical Assistance Program				<u>421,534</u>
Total U.S. Department of Health and Human Services				<u>2,059,506</u>
Total Passed Through to Subrecipients and Federal Expenditures			\$ 31,000	\$ 3,008,608

Tickmarks:

- {a} Passed Through Ohio Department of Jobs and Family Services
- {b} Passed Through Secretary of State of Ohio
- {c} Passed Through Ohio Department of Development Disabilities
- {d} Passed Through Ohio Department of Education
- {e} Passed Through Ohio Department of Health

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D – REVOLVING LOAN FUND

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Carroll County, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll 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 June 6, 2016, wherein we noted the County adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 6, 2016

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Carroll County, Ohio:

Report on Compliance for the Major Federal Program

We have audited Carroll County, Ohio's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2015. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

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Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 6, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major program:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major program:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	none
Identification of major program:	
<i>CFDA 93.558 – Temporary Assistance for Needy Families (TANF)</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

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Dave Yost • Auditor of State

CARROLL COUNTY FINANCIAL CONDITION

CARROLL 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
JULY 26, 2016