



Dave Yost • Auditor of State



**FAYETTE COUNTY**  
**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report .....	1
Basic Financial Statements:	
Governmental-wide Financial Statements:	
Statement of Net Position – Cash Basis as of December 31, 2015 .....	5
Statement of Activities – Cash Basis For the Year Ended December 31, 2015 .....	6
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds .....	8
Statement of Cash Basis Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Governmental Funds .....	10
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance Budget and Actual – Budget Basis -General Fund .....	12
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - County Board of Developmental Disabilities Fund .....	13
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - Job and Family Services Fund .....	14
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - Motor Vehicle and Gas Tax Fund .....	15
Statement of Fund Net Position - Cash Basis - Proprietary Funds .....	16
Statement of Cash Basis Receipts, Cash Disbursements, and Changes in Cash Basis - Proprietary Funds .....	17
Statement of Fiduciary Net Position - Cash Basis – Fiduciary Funds .....	18
Notes to Basic Financial Statements .....	19
Schedule of Expenditures of Federal Awards .....	51
Notes to the Schedule of Expenditures of Federal Awards .....	55
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance Required by the Uniform Guidance .....	59
Schedule of Findings .....	63
Schedule of Prior Audit Findings .....	69
Corrective Action Plan .....	71

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Fayette County  
133 South Main Street  
Washington Court House, Ohio 43160

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fayette County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Business-Type Activities	Adverse
Discretely Presented Component Unit	Adverse
Governmental Fund – General Fund	Unmodified
Governmental Fund – Board of Developmental Disabilities	Unmodified
Governmental Fund – Job & Family Services	Unmodified
Governmental Fund – Motor Vehicle Gas & Tax	Unmodified
Enterprise Fund - Water	Unmodified
Enterprise Fund – Fayette County Memorial Hospital	Adverse
Aggregate Remaining Fund Information	Unmodified

***Basis for Adverse Opinion on Business-Type Activities, Enterprise Fund-Fayette County Memorial Hospital and the Discretely Presented Component Unit***

Management has not included the Fayette County Memorial Hospital, the County's blended component unit, in the County's financial statements. Accounting principles generally accepted in the United States of America require the Fayette County Memorial Hospital to be presented as a major enterprise fund and financial information about Fayette County Memorial Hospital to be part of the business-type activities, thus increasing that business-type activity's assets, receipts and expenses, and changing its net position. The amount by which this departure would affect the assets, fund balances, net position, revenue, and expenses of the business-type activities and the omitted major fund cannot reasonably be determined.

The financial statements also do not include financial data for the County's only legally separate discretely presented component unit, Fayette Progressive Industries, Inc. (the Workshop). Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that includes the component unit's financial data. The County has not issued reporting entity financial statements. We cannot determine the amounts of assets, net position, revenues and expenses that the accompanying statements should present for the omitted discretely-presented component unit in order to comply with accounting principles generally accepted in the United States of America.

### ***Adverse Opinions***

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on Fayette County Memorial Hospital Fund and Business-Type Activities* paragraph, the financial statements referred to above do not present fairly the financial position of Fayette County Memorial Hospital enterprise fund or the business type activities of Fayette County, Ohio, as of and for the year ended December 31, 2015, or the changes in financial position or cash flows thereof for the year then ended in accordance with the basis of accounting note 2 describes.

Also, in our opinion, because of the omission of the discretely-presented component unit (the Workshop) as discussed above, the financial statements referred to above do not present fairly in conformity with the basis of accounting Note 2 describes, the cash financial position of the discretely-presented component unit of Fayette County, Ohio as of December 31, 2015, and the changes in its cash financial position for the year then ended.

### ***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, except the Fayette County Memorial Hospital, and the aggregate remaining fund information of the Fayette County, Ohio (the County), as of and for the year ended as of December 31, 2015, and the respective changes in cash financial position and, the respective budgetary comparisons for the General, Board of Developmental Disabilities, Job and Family Services, and Motor Vehicle Gas Tax funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

### ***Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Supplemental and Other Information***

Our audit was conducted to opine the County's financial statements taken as a whole. The Schedule of Expenditures of Federal Awards presents additional analysis as required by

Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 26, 2016

**Fayette County, Ohio**  
*Statement of Net Position - Cash Basis*  
*December 31, 2015*

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$16,419,433	\$3,601,070	\$20,020,503
Cash and Cash Equivalents with Fiscal Agents	110,846	0	110,846
<i>Total Assets</i>	<u>\$16,530,279</u>	<u>\$3,601,070</u>	<u>\$20,131,349</u>
<b>Net Position</b>			
Restricted for:			
Special Revenue	\$10,712,669	\$0	\$10,712,669
Capital Projects	21,831	0	21,831
Debt Service	1,034,045	0	1,034,045
Unrestricted	4,761,734	3,601,070	8,362,804
<i>Total Net Position</i>	<u>\$16,530,279</u>	<u>\$3,601,070</u>	<u>\$20,131,349</u>

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2015

	Program Cash Receipts			
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Current:				
General Government:				
Legislative and Executive	\$6,240,908	\$1,697,269	\$303,019	\$0
Judicial	2,199,716	554,373	381,898	0
Public Safety	2,977,612	491,235	265,239	0
Public Works	5,485,666	528,312	418,609	0
Health	4,526,323	229,406	1,715,906	0
Human Services	6,079,987	289,590	3,740,701	0
Conservation and Recreation	1,116,594	201,046	291,814	0
Economic Development and Assistance	72,764	0	0	0
Urban Redevelopment and Housing	495,378	53,776	94,827	0
Capital Outlay	1,769,832	0	0	1,843,627
Debt Service:				
Principal Retirement	1,030,207	0	0	0
Interest and Fiscal Charges	101,943	0	0	0
<i>Total Governmental Activities</i>	<u>32,096,930</u>	<u>4,045,007</u>	<u>7,212,013</u>	<u>1,843,627</u>
<b>Business-Type Activities</b>				
Sewer	444,715	438,463	0	0
Sanitary Revenue Waste	815,154	896,198	0	0
Water	947,941	888,985	0	0
<i>Total Business-Type Activities</i>	<u>2,207,810</u>	<u>2,223,646</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u><u>\$34,304,740</u></u>	<u><u>\$6,268,653</u></u>	<u><u>\$7,212,013</u></u>	<u><u>\$1,843,627</u></u>

General Receipts  
Property Taxes Levied for:  
  General Purposes  
  Debt Service  
Sales Tax  
Grants and Entitlements not Restricted to Specific Programs  
Earnings on Investments  
Miscellaneous  
Notes Issued  
Proceeds of Loans

*Total General Receipts and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$4,240,620)	\$0	(\$4,240,620)
(1,263,445)	0	(1,263,445)
(2,221,138)	0	(2,221,138)
(4,538,745)	0	(4,538,745)
(2,581,011)	0	(2,581,011)
(2,049,696)	0	(2,049,696)
(623,734)	0	(623,734)
(72,764)	0	(72,764)
(346,775)	0	(346,775)
73,795	0	73,795
(1,030,207)	0	(1,030,207)
(101,943)	0	(101,943)
(18,996,283)	0	(18,996,283)
0	(6,252)	(6,252)
0	81,044	81,044
0	(58,956)	(58,956)
0	15,836	15,836
(18,996,283)	15,836	(18,980,447)
3,733,330	0	3,733,330
121,138	0	121,138
8,629,758	0	8,629,758
3,730,543	0	3,730,543
84,344	0	84,344
1,528,253	11,861	1,540,114
11,931	0	11,931
216,087	0	216,087
18,055,384	11,861	18,067,245
(940,899)	27,697	(913,202)
17,471,178	3,573,373	21,044,551
\$16,530,279	\$3,601,070	\$20,131,349

**Fayette County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2015*

	General Fund	County Board of Developmental Disabilities Fund	Job and Family Services Fund
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,749,773	\$3,228,901	\$409,425
Cash and Cash Equivalents with Fiscal/Escrow Agents	10,470	100,376	0
<i>Total Assets</i>	<u>\$4,760,243</u>	<u>\$3,329,277</u>	<u>\$409,425</u>
<b>Fund Balances</b>			
Nonspendable	\$10,470	\$0	\$0
Restricted	0	3,329,277	409,425
Committed	0	0	0
Assigned	364,497	0	0
Unassigned	4,385,276	0	0
<i>Total Fund Balances</i>	<u>\$4,760,243</u>	<u>\$3,329,277</u>	<u>\$409,425</u>

See accompanying notes to the basic financial statements

Motor Vehicle Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$1,923,372	\$6,107,962	\$16,419,433
0	0	110,846
<u>\$1,923,372</u>	<u>\$6,107,962</u>	<u>\$16,530,279</u>
\$0	\$0	\$10,470
1,923,372	6,106,471	11,768,545
0	1,491	1,491
0	0	364,497
0	0	4,385,276
<u>\$1,923,372</u>	<u>\$6,107,962</u>	<u>\$16,530,279</u>

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

	General Fund	County Board of Developmental Disabilities Fund	Job and Family Services Fund
<b>Receipts</b>			
Property Taxes	\$1,680,699	\$2,052,631	\$0
Sales Tax	8,294,487	0	0
Charges for Services	2,049,777	65,870	0
Licenses and Permits	2,378	0	0
Fines and Forfeitures	128,958	0	0
Intergovernmental	920,266	1,674,156	1,800,359
Special Assessments	0	0	0
Earnings on Investments	77,618	0	0
Donations	0	0	0
Other	266,362	57,135	1,080,771
<i>Total Receipts</i>	<u>13,420,545</u>	<u>3,849,792</u>	<u>2,881,130</u>
<b>Disbursements</b>			
Current:			
General Government:			
Legislative and Executive	5,555,675	0	0
Judicial	1,774,892	0	0
Public Safety	2,873,783	0	0
Public Works	775,325	0	0
Health	745,641	3,652,652	0
Human Services	315,528	0	2,877,595
Conservation and Recreation	818,186	0	0
Economic Development and Assistance	0	0	0
Urban Redevelopment and Housing	403,860	0	0
Capital Outlay	258,609	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Disbursements</i>	<u>13,521,499</u>	<u>3,652,652</u>	<u>2,877,595</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(100,954)</u>	<u>197,140</u>	<u>3,535</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Loans	0	0	0
Notes Issued	0	0	0
Transfers In	4,643	0	74,553
Transfers Out	(1,629,217)	0	0
Advances In	298,485	0	0
Advances Out	(311,334)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,637,423)</u>	<u>0</u>	<u>74,553</u>
<i>Net Change in Fund Balances</i>	<u>(1,738,377)</u>	<u>197,140</u>	<u>78,088</u>
<i>Fund Balances Beginning of Year</i>	<u>6,498,620</u>	<u>3,132,137</u>	<u>331,337</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,760,243</u></u>	<u><u>\$3,329,277</u></u>	<u><u>\$409,425</u></u>

See accompanying notes to the basic financial statements

Motor Vehicle Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$121,138	\$3,854,468
335,271	0	8,629,758
398,960	1,147,250	3,661,857
0	16,830	19,208
26,113	208,871	363,942
4,196,863	3,667,239	12,258,883
0	440,031	440,031
6,649	77	84,344
0	87,269	87,269
293	123,692	1,528,253
<u>4,964,149</u>	<u>5,812,397</u>	<u>30,928,013</u>
0	685,233	6,240,908
0	424,824	2,199,716
0	103,829	2,977,612
4,480,685	229,656	5,485,666
0	128,030	4,526,323
0	2,886,864	6,079,987
0	298,408	1,116,594
0	72,764	72,764
0	91,518	495,378
385,231	1,125,992	1,769,832
0	1,030,207	1,030,207
0	101,943	101,943
<u>4,865,916</u>	<u>7,179,268</u>	<u>32,096,930</u>
<u>98,233</u>	<u>(1,366,871)</u>	<u>(1,168,917)</u>
0	216,087	216,087
0	11,931	11,931
59,000	1,664,428	1,802,624
0	(173,407)	(1,802,624)
0	333,334	631,819
0	(320,485)	(631,819)
<u>59,000</u>	<u>1,731,888</u>	<u>228,018</u>
157,233	365,017	(940,899)
<u>1,766,139</u>	<u>5,742,945</u>	<u>17,471,178</u>
<u>\$1,923,372</u>	<u>\$6,107,962</u>	<u>\$16,530,279</u>

**Fayette County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Balance*  
*Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under) Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$1,623,160	\$1,680,699	\$1,680,699	\$0
Sales Tax	7,783,000	8,294,487	8,294,487	0
Charges for Services	1,791,386	1,736,159	1,758,771	22,612
Licenses and Permits	1,850	2,253	2,378	125
Fines and Forfeitures	150,000	128,958	128,958	0
Intergovernmental	839,340	920,266	920,266	0
Earnings on Investments	60,000	77,615	77,618	3
Other	225,600	258,188	266,362	8,174
<i>Total Receipts</i>	<u>12,474,336</u>	<u>13,098,625</u>	<u>13,129,539</u>	<u>30,914</u>
<b>Disbursements</b>				
Current:				
General Government				
Legislative and Executive	5,705,046	5,903,122	5,599,877	303,245
Judicial	1,957,508	1,966,075	1,806,093	159,982
Public Safety	2,864,738	2,981,842	2,933,934	47,908
Public Works	835,581	881,783	829,473	52,310
Health	739,768	756,140	751,482	4,658
Human Services	342,213	342,213	335,454	6,759
Conservation and Recreation	801,135	873,264	832,950	40,314
Urban Redevelopment and Housing	427,443	427,443	403,860	23,583
Capital Outlay	120,892	489,563	338,425	151,138
<i>Total Disbursements</i>	<u>13,794,324</u>	<u>14,621,445</u>	<u>13,831,548</u>	<u>789,897</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(1,319,988)</u>	<u>(1,522,820)</u>	<u>(702,009)</u>	<u>820,811</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	200,000	204,643	204,643	0
Transfers Out	(1,226,016)	(1,623,264)	(1,597,566)	25,698
Advances In	70,000	298,588	298,485	(103)
Advances Out	0	0	(311,334)	(311,334)
<i>Total Other Financing Sources (Uses)</i>	<u>(956,016)</u>	<u>(1,120,033)</u>	<u>(1,405,772)</u>	<u>(285,739)</u>
<i>Net Change in Fund Balance</i>	<u>(2,276,004)</u>	<u>(2,642,853)</u>	<u>(2,107,781)</u>	<u>535,072</u>
<i>Fund Balance Beginning of Year</i>	5,931,556	5,931,556	5,931,556	0
Prior Year Encumbrances Appropriated	179,998	179,998	179,998	0
<i>Fund Balance End of Year</i>	<u>\$3,835,550</u>	<u>\$3,468,701</u>	<u>\$4,003,773</u>	<u>\$535,072</u>

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Balance*  
*Budget and Actual - Budget Basis*  
*County Board of Developmental Disabilities Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under) Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,957,260	\$2,052,631	\$2,052,631	\$0
Charges for Services	62,809	65,870.0	65,870	0
Intergovernmental	1,596,370	1,674,156.0	1,674,156	0
Other	54,480	57,135	57,135	0
<i>Total Receipts</i>	<i>3,670,919</i>	<i>3,849,792</i>	<i>3,849,792</i>	<i>0</i>
<b>Disbursements</b>				
Current:				
Health	4,095,211	4,165,961	3,652,652	513,309
<i>Net Change in Fund Balance</i>	(424,292)	(316,169)	197,140	513,309
<i>Fund Balance Beginning of Year</i>	<i>3,031,761</i>	<i>3,031,761</i>	<i>3,031,761</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$2,607,469</i>	<i>\$2,715,592</i>	<i>\$3,228,901</i>	<i>\$513,309</i>

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Balance*  
*Budget and Actual - Budget Basis*  
*Job and Family Services Fund*  
*For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under) Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$1,656,161	\$1,427,122	\$1,427,122	\$0
Other Income	<u>1,687,362</u>	<u>1,454,008</u>	<u>1,454,008</u>	<u>0</u>
<i>Total Receipts</i>	3,343,523	2,881,130	2,881,130	0
<b>Disbursements</b>				
Human Services	<u>3,418,077</u>	<u>3,287,020</u>	<u>2,877,595</u>	<u>409,425</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(74,554)	(405,890)	3,535	409,425
<b>Other Financing Sources</b>				
Transfers In	<u>74,553</u>	<u>74,553</u>	<u>74,553</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1)	(331,337)	78,088	409,425
<i>Fund Balance Beginning of Year</i>	<u>331,337</u>	<u>331,337</u>	<u>331,337</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$331,336</u>	<u>\$0</u>	<u>\$409,425</u>	<u>\$409,425</u>

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Balance*  
*Budget and Actual - Budget Basis*  
*Motor Vehicle Gas Tax Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under) Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Sales Tax	\$312,578	\$346,985	\$335,271	(\$11,714)
Charges for Services	371,957	412,900	398,960	(13,940)
Fines and Forfeitures	24,345	27,025	26,113	(912)
Intergovernmental	3,553,648	3,944,811	3,811,632	(133,179)
Earnings on Investments	6,199	6,881	6,649	(232)
Other	273	303	293	(10)
<i>Total Receipts</i>	4,269,000	4,738,905	4,578,918	(159,987)
<b>Disbursements</b>				
Public Works	4,306,464	4,848,464	4,838,585	9,879
<i>Excess of Receipts Over (Under) Disbursements</i>	(37,464)	(109,559)	(259,667)	(150,108)
<b>Other Financing Sources</b>				
Transfers In	59,000	59,000	59,000	0
<i>Net Change in Fund Balance</i>	21,536	(50,559)	(200,667)	(150,108)
<i>Fund Balance Beginning of Year</i>	1,533,798	1,533,798	1,533,798	0
Prior Year Encumbrances Appropriated	232,341	232,341	232,341	0
<i>Fund Balance End of Year</i>	\$1,787,675	\$1,715,580	\$1,565,472	(\$150,108)

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2015*

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	Water District Revenue Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,903,619	\$697,451	\$3,601,070
<b>Net Position</b>			
Unrestricted	\$2,903,619	\$697,451	\$3,601,070

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Cash Receipts, Disbursements, and Changes  
in Fund Net Position - Proprietary Funds  
For the Year Ended December 31, 2015*

	Water District Revenue Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>			
Charges for Services	\$888,985	\$1,334,661	\$2,223,646
Other	4,844	7,017	11,861
<i>Total Operating Receipts</i>	<u>893,829</u>	<u>1,341,678</u>	<u>2,235,507</u>
<b>Operating Disbursements</b>			
Personal Services	139,536	308,627	448,163
Contract Services	152,402	505,423	657,825
Materials and Supplies	30,286	57,966	88,252
Other Operating Exp	23,276	143,755	167,031
Capital Outlay	20,110	54,121	74,231
<i>Total Operating Disbursements</i>	<u>365,610</u>	<u>1,069,892</u>	<u>1,435,502</u>
<i>Operating Income</i>	<u>528,219</u>	<u>271,786</u>	<u>800,005</u>
<b>Non-Operating Disbursements</b>			
Principal Retirement	(448,773)	(142,222)	(590,995)
Interest and Fiscal Charges	(133,558)	(47,755)	(181,313)
<i>Total Non-Operating Expenses</i>	<u>(582,331)</u>	<u>(189,977)</u>	<u>(772,308)</u>
<i>Change in Net Position</i>	(54,112)	81,809	27,697
<i>Net Position Beginning of Year</i>	<u>2,957,731</u>	<u>615,642</u>	<u>3,573,373</u>
<i>Net Position End of Year</i>	<u><u>\$2,903,619</u></u>	<u><u>\$697,451</u></u>	<u><u>\$3,601,070</u></u>

See accompanying notes to the basic financial statements

**Fayette County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2015*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,229,073
Equity in Cash in Segregated Accounts	<u>1,504,036</u>
<i>Total Assets</i>	<u><u>\$6,733,109</u></u>
<b>Net Position</b>	
Held on Behalf of Others	<u><u>\$6,733,109</u></u>
See accompanying notes to the basic financial statements	

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

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**NOTE 1 - REPORTING ENTITY**

Fayette County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The county operates under the direction of a three-member Board of County Commissioners. The County Auditor is responsible for the fiscal controls of the resources of the County which are maintained in the funds described herein. The County Treasurer is the custodian of funds and the investment officer. The voters of the County elect all of these officials. Other elected officials of the County that manage various segments of county operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecutor, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Judge. Services provided by the County include general government, public safety, health, public works, human services, conservation and recreation services, maintenance of highways and roads, economic development, and urban redevelopment and housing.

Although elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Fayette County, this includes the Fayette County Board of Mental Retardation and Developmental Disabilities, Fayette County Department of Jobs and Family Services, Fayette County Children Services Board, Fayette County Veterans' Services, Fayette County Commission On Aging, Fayette County Senior Nutrition, Fayette County Memorial Hospital, and all departments and activities that are directly operated by the elected County officials.

Fayette County provides services and/or subsidies to the District Board of Health, and Soil and Water Conservation District. These are separate reporting entities. The County Auditor is the fiscal agent for the District Board of Health and the Soil and Water Conservation District, and the receipts and disbursements of these entities are accounted for in the Agency Funds of the County.

Fayette County Memorial Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Fayette County Commissioners and Fayette County judges. The Hospital is not considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County, and consequently, the Hospital's financial activity is not presented on the County's basic financial statements. Separately-issued financial statements can be obtained from Fayette County Memorial Hospital, 1430 Columbus Avenue, Washington Court House, Ohio 43160.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent of the County in that the County approved the organization's budget, the issuance of its debt or the levying of its taxes.

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

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Fayette Progressive Industries, Inc. is a legally separate, not-for-profit corporation, served by a self-appointed board of trustees. The workshop, under contractual agreement with the Fayette County Board of Developmental Disabilities, provides sheltered employment for mentally and/or physically handicapped adults in Fayette County. The Fayette County Board of DD provided the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the mentally and/or physically handicapped adults of Fayette County, the workshop is considered a component unit of Fayette County, however, Fayette Progressive Industries is not presented as a component unit in these financial statements. Separately issued financial statements can be obtained from Fayette Progressive Industries, Inc., 1330 Robinson Road SE, Washington C.H., Ohio 43160.

The County is associated with certain organizations which are defined as jointly governed organizations, joint ventures, or Risk Sharing Pools. These organizations are:

Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services  
South Central Regional Juvenile Detention Center  
Fayette County Emergency Management Agency  
Ross, Pickaway, Highland, Fayette Counties Joint Solid Waste District  
Travel and Tourism Bureau  
West Central Ohio Port Authority  
County Risk Sharing Authority, Inc.  
Southern Ohio Council of Governments  
County Commissioners' Association of Ohio Workers' Compensation Group Rating  
Program

***Paint Valley Board of Alcohol, Drug Addiction, and Mental Health Services*** – The Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services (ADAMHS) of Pike, Fayette, Highland, Pickaway and Ross Counties is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The 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 Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board received revenue from the participating counties and received federal and state funding through grant monies which are applied for and received by the Board of Trustees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Fayette County contributed \$559,870 to Paint Valley ADAMHS in 2015.

Fayette County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Fayette County has no ongoing financial interest or responsibility. Complete financial statements can be obtained from the Paint Valley ADAMHS Board, Jim Nestor who serves as Finance Director, 394 Chestnut Street, Chillicothe, Ohio 45601.

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

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***South Central Regional Juvenile Detention Center*** – The South Central Regional Juvenile Detention Center (the Center) is a jointly governed organization. It was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member counties. The current members include Fayette, Pike, Pickaway, Ross, Jackson, Hocking, Athens, Vinton and Highland Counties. The Center’s Board consists of one member from each participating county that is appointed by the Juvenile Court Judge or a County Commissioner from each county. The joint Board selects the superintendent as the Center’s administrator. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant’s degree of control is limited to its representation on the Board.

The Center’s revenue is from per diem charges for inmates to the respective counties and a percent of the county tax base to the total base. Ross County is the fiscal agent of the Center. Fayette County does not have any financial interest or responsibility. During 2015, Fayette County contributed \$147,253 to the Center.

***Fayette County Emergency Management Agency*** – Fayette County Emergency Management Agency (EMA) is a joint venture between the County, Townships and Villages. The executive committee consists of a county commissioner, seven chief executives from municipalities and ten townships, with money provided by the members which is reimbursed by the State. The degree of control is limited to the individual representation on the board.

***Ross, Pickaway, Highland, Fayette Counties Joint Solid Waste District*** – The Ross, Pickaway, Highland, Fayette Joint Solid Waste District (the District) is a jointly governed organization among Pickaway, Ross, Highland and Fayette Counties. Each of these governments supports the District. The County made no contribution during 2015. The degree of control exercised by any participating County is limited to its representation on the Board. The Board of Directors consists of twelve members, the three County Commissioners of each of the four counties. The District does not have any outstanding debt. The District is self-sufficient, operating entirely on collected fees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant’s degree of control is limited to its representation on the Board.

***Travel and Tourism Bureau*** – The Travel and Tourism Bureau (The Bureau) is a jointly governed organization among the County, two townships and two villages and one city. The Board is made up of six trustees, one from each of the following entities: Fayette County, Village of Jeffersonville, Jefferson Township, City of Washington Court House, Union Township and Octa Village. Trustees are elected on a self-nomination basis. Revenues to operate the Bureau are derived solely from the hotel/motel tax. There is currently no outstanding debt. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant’s degree of control is limited to its representation on the Board.

***West Central Ohio Port Authority*** – The West Central Ohio Port Authority is a jointly governed organization. It was established under Section 4582.21 of the Ohio Revised Code. Under the Revised Code, the Port Authority is a legally separate entity. The Board of the Authority is comprised of seven members: two members from Champaign County, three from Clark County, and two from Fayette County. The members are appointed by the County Commissioners of each respective county. Fayette County does not approve its budget, nor is it responsible for the Authority’s debt. During 2015, the County did not contribute any money to the Authority. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant’s degree of control is limited to its representation on the Board.

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

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**County Risk Sharing Authority, Inc.** – The County Risk Sharing Authority, Inc., is a shared risk pool among fifty-seven 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 official’s 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 CORSA are managed by an elected board of not more than nine trustees. Only County Commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board at any time. Each member county’s control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties’ obligations to make coverage payments to CORSA.

The participating counties have no responsibility for the payment of the certificates. The Certificates were retired on May 1, 1997. The County has no equity interest in CORSA. The County’s payment for insurance to CORSA in 2015 was \$179,161. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

**Southern Ohio Council of Governments** – The County is a member of the Southern Ohio Council of Governments (the “Council”), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member board with each participating County represented by its Director of its Board of Development Disabilities (BDD). The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant’s degree of control is limited to its representation on the Board. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as a fiscal agent for the Athens County BDD’s supportive living program monies. The County had a \$100,376 balance on hand with the Council which included investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, 126 East 2<sup>nd</sup> Street, Suite C, Chillicothe, Ohio 45601.

**County Commissioners’ Association of Ohio Workers’ Compensation Group Rating Program** – The County is a member of the Southern Ohio Council of Governments (the Council), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a 15 member board with each participating County represented by its Director of its Board of Developmental Disabilities. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant’s degree of control is limited to its representation on the Board. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

Management believes the financial statements included in this report represent all of the funds and activities for which the County is financially accountable, except for Fayette Progressive Industries, Inc. and Fayette Memorial Hospital.

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance, of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

**Fund Financial Statements**

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

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly

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

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relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

Fund Accounting

The County uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The County classifies each fund as either governmental, proprietary, or fiduciary.

Governmental - Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

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

County Board of Developmental Disabilities Fund - This fund accounts for and reports monies restricted for providing assistance and training to mentally and developmentally disabled individuals, financed by a County-wide property tax levy and federal and state grants.

Jobs and Family Services Fund - This fund accounts for and reports federal, State, and local monies restricted to provide general relief to paying providers of medical assistance and social services.

Motor Vehicle Gas Tax Fund - This fund accounts for and reports monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

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

Proprietary Funds - The County classifies funds financed primarily from user charges for goods or services as proprietary. The proprietary fund is classified as an enterprise fund.

Water District Revenue Fund - This fund accounts for and reports monies used to provide water services to customers in the county.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The County has two private purpose trust funds which account for monies to be used by the Children Service's Department as authorized in the wills of Carey B. Emery and Fannie L. Polk. Agency

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

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funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting (See Note 3). Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The County had chosen to not budget and appropriate for advances. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

Cash and Investments

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

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

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

Cash and cash equivalents that are held by the EPA/Hunting Trust and money market for landfills closure and developmental disabilities trust account are recorded as “Cash and Cash Equivalents with Fiscal Agents” on the financial statements.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 were \$77,618, which includes \$53,329 assigned from other County funds.

Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Inter-fund Receivables/Payables

The County reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

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

Pensions

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

Long-term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash-basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

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

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Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally disabled, and activities of the County's courts. None of which is restricted by enabling legislation.

The County's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted

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

Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

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

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Unassigned

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

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

Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

**NOTE 3 - COMPLIANCE**

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Ohio Revised Code, Section 7505.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless funds have been properly certified. The County had commitments of funds during 2015 that were not properly certified, which is contrary to the Ohio Revised Code.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances which are treated as expenditures (budgetary basis) rather than as restricted, committed, or

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

assigned fund balance (cash basis). In addition, cash that is held by agency funds on behalf of County funds on a budget basis are allocated and reported on the cash basis in the appropriate County fund. The encumbrances outstanding at year-end and agency fund distributions (budgetary basis) amounted to:

	General Fund	County Board of Developmental Disabilities Fund	Job and Family Services Fund	Motor Vehicle Gas Tax Fund
Cash Basis	(\$1,738,377)	\$197,140	\$78,068	\$157,233
Encumbrances	(364,497)	0	0	(357,900)
Excess of revenues, and other financing sources under expenditures and other financing uses:				
Police Rotary Fund	(9,620)	0	0	0
Certificate of Title Administration Fund	4,713	0	0	0
Budget Basis	<u>(\$2,107,781)</u>	<u>\$197,140</u>	<u>\$78,068</u>	<u>(\$200,667)</u>

**NOTE 5 - EQUITY IN POOLED CASH**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other 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;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;

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

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to 25 percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding \$500 million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase; and
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the County had \$5,000 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$24,390,659 of the County's bank balance of \$26,405,167 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

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

**NOTE 6 – LONG-TERM DEBT**

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

	Interest Rate	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<b>Governmental Activities</b>						
<b>General Obligation Bonds:</b>						
County Building Improvement, 2000	2%	\$890,000	\$0	\$120,000	\$770,000	\$125,000
<b>Various Purpose Bonds:</b>						
Commission On Aging, 2003	3.30%	127,000	0	10,000	117,000	12,000
West Lancaster Road, 2003	3.30%	221,000	0	21,000	200,000	21,000
County Buildings, 1999	5.35%	120,000	0	25,000	95,000	25,000
Courthouse Renovation, 2013	4.13%	789,687	0	472,100	317,587	75,000
<b>Total General Obligation Bonds</b>		<b>\$2,147,687</b>	<b>\$0</b>	<b>\$648,100</b>	<b>\$1,499,587</b>	<b>\$258,000</b>

*(continued)*

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

	Interest Rate	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<b>Governmental Activities</b>						
<b>Governmental Activities Special Assessment Bonds:</b>						
Clinton Avenue Phase I, 1996	5.90%	\$26,000	\$0	\$13,000	\$13,000	\$13,000
Clinton Avenue Phase II, 1999	5.30%	30,000	0	5,000	25,000	5,000
<b>Total Special Assessment Bonds</b>		<u>56,000</u>	<u>0</u>	<u>18,000</u>	<u>38,000</u>	<u>18,000</u>
<b>Other Long-Term Obligations:</b>						
West Lancaster Road OPWC Loan, 2003	0.00%	52,500	0	5,000	47,500	5,000
Rte. 22 Waterline Loan, 2004	6.25%	41,460	0	4,146	37,314	4,146
Med Flight Hangar, 2014	4.00%	96,000	0	17,706	78,294	18,416
<b>Total Other Long Term Obligations</b>		<u>189,960</u>	<u>0</u>	<u>26,852</u>	<u>163,108</u>	<u>27,562</u>
<b>Total Governmental Activities Long Term Obligations</b>		<u>\$2,393,647</u>	<u>\$0</u>	<u>\$692,952</u>	<u>\$1,700,695</u>	<u>\$303,562</u>

	Interest Rate	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<b>Business Type Activities:</b>						
<b>General Obligation Bonds:</b>						
<b>Refunding Bonds</b>						
Rattlesnake Sewer WWTP, 1999	5.20%	\$1,320,000	\$0	\$120,000	\$1,200,000	\$120,000
<b>OWDA Loans:</b>						
Madison Mills Water, 2006	3.00%	4,563,313	0	448,773	4,114,540	462,337
Good Hope Sewer, 2011	0.00%	422,214	0	22,222	399,992	22,222
<b>Total OWDA Loans</b>		<u>4,985,527</u>	<u>0</u>	<u>470,995</u>	<u>4,514,532</u>	<u>484,559</u>
<b>Total Business-Type Long Term Obligations</b>		<u>\$6,305,527</u>	<u>\$0</u>	<u>\$590,995</u>	<u>\$5,714,532</u>	<u>\$604,559</u>

Future Annual Debt Service Requirements

Year	Governmental Activities						
	General Obligation Bonds		Special Assessment Bonds		OPWC Loans	Long-Term Notes	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2016	\$258,000	\$57,828	\$18,000	\$1,536	\$5,000	\$22,562	\$5,489
2017	258,200	36,224	5,000	658	5,000	23,317	4,463
2018	267,400	49,962	5,000	508	5,000	24,095	3,424
2019	275,987	41,636	10,000	345	5,000	24,904	2,352
2020	181,000	27,340	0	0	5,000	4,146	1,251
2021-2025	259,000	16,268	0	0	22,500	16,584	2,365
<b>Total</b>	<u>\$1,499,587</u>	<u>\$229,258</u>	<u>\$38,000</u>	<u>\$3,047</u>	<u>\$47,500</u>	<u>\$115,608</u>	<u>\$19,344</u>

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

Year	Business Type Activities			
	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2016	\$120,000	\$44,455	\$484,559	\$119,995
2017	125,000	40,855	498,533	106,020
2018	120,000	37,105	512,930	91,624
2019	125,000	33,205	527,760	76,792
2020	130,000	28,893	543,041	61,512
2021-2025	580,000	61,898	1,769,935	88,169
2026-2030	0	0	111,109	0
2031-2035	0	0	66,665	0
Total	\$1,200,000	\$246,411	\$4,514,532	\$544,112

The County also has two loans from the Ohio Rotary Commission totaling \$387,593. These loans are not due until the property is sold.

2000 Fayette County Administration Building Rehab

On July 17, 2000 Bonds were issued in the amount of \$1,945,000 for the purpose of remodeling, restoring and upgrading all systems of the building located at 133 S. Main Street, purchased in 1999. The building is to be used for office space for all County Offices not court-related. General Obligation debt to mature December 1, 2021. In 2012 debt was refunded in the amount of \$1,240,000 with the same maturity date.

2003 Commission on Aging Building Addition

On December 1, 2003 Bonds were issued to fund the building addition to the Fayette County Commission on Aging Building in the amount of \$225,000. Payments to be made through the Commission on Aging from the proceeds of a bequest left to the agency. Maturity date of December 1, 2023.

2003 West Lancaster Road Relocation

On December 22, 2003 debt was issued in the amount of \$400,000 for the relocation and construction of West Lancaster Road in the Village of Octa. General Obligation debt with a maturity date of December 1, 2023.

1999 Purchase of Office Building

On August 25, 1999 issued \$300,000 in Bonds for the purpose of purchasing building known as “Main Street Mall” for the purpose of providing office space for County Administration. General Obligation Debt with a maturity date of December 1, 2019. In 2009 debt was refunded in the amount of \$230,000, with same maturity date.

2013 Courthouse Renovation

On April 12, 2013 bonds were issued for the purpose of renovating and upgrading the systems in the Fayette County Courthouse. General Obligation debt was in the amount of \$1,850,000 with a maturity date of May 1, 2024.

1996 Clinton Avenue Phase I

On December 1, 1996 issued \$150,000 in Bonds for the purpose of extending sewer lines beyond current limit on Clinton Avenue for economic development. Paid through Special Assessment with maturity date of December 1, 2016.

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

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1999 Clinton Avenue Phase II

On August 25, 1999 issued \$70,000 for completion of sewer line extension on Clinton Avenue for economic development. Paid through Special Assessment with a maturity date of December 1, 2019. In 2009 debt was refunded in the amount of \$55,000 with same maturity date.

2003 West Lancaster Road Relocation

On July 1, 2003 an interest-free Loan/Grant was obtained through OPWC in the amount of \$100,000 for part of the relocation and construction of West Lancaster Road in the Village of Octa. General Obligation debt with a maturity date of January 1, 2025.

2004 Route 22 Waterline

On August 23, 2004 a loan in the amount of \$82,920.14 was obtained through the Ohio Water and Sewer Rotary Commission to extend a water line to a housing development. Paid by Special Assessment from Sugar Creek Packing with a maturity date of December 1, 2024.

2014 Med Flight Hangar

On December 1, 2014 a loan was obtained for the purpose of building a hangar to be located near the Job Ready Site for the use of Med Flight. The loan was in the amount of \$96,000 and will be paid from the rental received from Med Flight. Maturity date is December 1, 2019.

1999 Rattlesnake Waste Water Treatment Plant

On August 25, 1999 issued \$2,130,000 for construction of Rattlesnake Waste Water Treatment Plant. Paid from fees collected through Enterprise fund with a maturity date of December 1, 2024. In 2009 debt was refunded in the amount of \$1,860,000 with the same maturity date.

2006 Madison Mills Water

On September 18, 2006 a loan in the amount of \$4,998,920 was obtained through OWDA to construct, maintain and operate a water project for the benefit of an ethanol plant which was part of an economic development initiative. Paid from water revenue enterprise funds fees collected from the plant with a maturity date of January 1, 2024.

2011 Good Hope Sewer

On August 8, 2011 a loan in the amount of \$444,435 was obtained through OWDA to install a sanitary sewer system in the unincorporated avenue of Good Hope. This loan will be repaid by user service charges and has a maturity date of January 1, 2034.

**NOTE 7 – SHORT-TERM DEBT**

**Note Transactions**

A summary of the note transactions for the year ended December 31, 2015, follows:

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

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<b>Short-Term Liabilities:</b>					
Wildman Ditch	\$16,277	\$11,931	\$16,277	\$11,931	\$11,931
Haigler-Long Ditch	4,757	0	4,757	0	0
Morgan Group Drainage	30,395	30,395	30,395	30,395	30,395
Marchant Ditch	6,215	5,386	6,215	5,386	5,386
Ander Drainage Ditch	279,611	180,306	279,611	180,306	180,306
<b>Total Short-Term Liabilities</b>	<b>\$337,255</b>	<b>\$228,018</b>	<b>\$337,255</b>	<b>\$228,018</b>	<b>\$228,018</b>

All short-term debt consists of Ditch Improvement loans. They are paid from Special Assessments collected through Real Estate assessments. Interest is paid and any remaining collections are applied to principal.

**NOTE 8 - PROPERTY TAX**

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

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien January 1, 2015, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2015, was \$6.79 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$700,713,100
Commercial/Industrial:	
Public Utility Property	87,846,680
Total Assessed Value	<u><u>\$788,559,780</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes. The collection and

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

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distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

**NOTE 9 - COUNTY SALES TAX**

The County Commissioners, by resolution, imposed a one and one half 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 State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited to the General Fund and the Motor Vehicle and Gas Tax Special Revenue Fund. Permissive Sales and Use tax revenue for 2015 amounted to \$8,629,758.

**NOTE 10 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. By participating in the County Risk Sharing Authority (CORSA), a risk sharing pool for liability, property, auto, and crime insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to fifty-seven members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$5,000,000 of total liability coverage. The limit applies to any one occurrence of loss, with no annual aggregate except for the Error and Omissions for Public Officials and General Liability on Products and Completed Operations Limit, which both have the same per occurrence and annual aggregate limit. For the General Liability (coverage other than products and completed operations limit), Law Enforcement and Auto Liability, there is no annual aggregate. Property damage is on a replacement cost basis.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in coverage from last year.

Employee, dishonesty, money and securities inside and out, money orders and counterfeit, and depositor's forgery are covered in the amount of \$1,000,000 aggregate.

Worker's Compensation benefits are provided through the Ohio Bureau of Workers' Compensation. In 2015, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program (CCAO). A workers' compensation group purchasing pool (See Note 1). The intent of the CCAO is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all

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

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counties in the CCAO. Each participant pays its workers' compensation premium to the State based on the rate for the CCAO rather than its individual rate.

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

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

**NOTE 11 – DEFINED BENEFIT RETIREMENT PLANS**

Net Pension Liability

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

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

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

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

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

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

Ohio Public Employees Retirement System

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

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

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

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

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

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

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

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

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

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

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

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

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The County's contractually required contribution was \$1,215,402 for year 2015.

Net Pension Liability

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

	OPERS
Proportionate Share of the Net Pension Liability	\$9,945,114
Proportion of the Net Pension Liability	0.082456%

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

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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

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

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

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

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

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

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability	\$18,296,162	\$9,945,114	\$2,911,521

State Teachers Retirement System of Ohio

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

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

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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 year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 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.

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

The County's contractually required contribution to STRS was \$37,130 for fiscal year 2015, the latest information available.

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

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Net Pension Liability

The net pension liability was measured as of June 30, 2014 (the latest information available), 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 was based on the County's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	STRS
Proportionate Share of the Net Pension Liability	\$659,463
Proportion of the Net Pension Liability	0.00271122%

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014 (the latest information available), 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, 2014, 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:

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

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

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

**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	\$944,093	\$659,463	\$418,761

**NOTE 12 – POST EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended

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

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December 31, 2015, 2014, and 2013 was \$239,298, \$412,695, and \$407,525, respectively. The full amount has been contributed for all three years.

State Teachers Retirement System of Ohio

Plan Description – Certified teachers employed by the County for developmental disabilities contribute to the cost-sharing, multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care 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 Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended December 31, 2015, 2014, and 2013 were \$2,016, \$2,886, and \$2,642, respectively. The full amount has been contributed for all three years.

**NOTE 13 - CONTINGENT LIABILITIES**

Litigation

The County is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

Federal and State Grants

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

**NOTE 14- LANDFILL CLOSURE AND POST CLOSURE CARE**

During 1993, the County stopped receiving refuse in its public landfill. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Ohio Environmental Protection Agency officially certified the closure of the landfill in 1993. Any remaining costs associated with the closure of the landfill were paid during 1995.

State and Federal laws and regulations require the County to provide financial assurance for the landfill closure and post closure care costs. The County has complied with requirement by issuing a \$400,000

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

Landfill Improvement bond in May of 1996 to construct certain landfill improvements associated with post-closure activity. These proceeds have been receipted into the Sanitary Revenue Waste Enterprise Fund.

Currently, the County contracts with a private collection service to handle the solid waste collection and disposal activities for the County at another landfill site.

**NOTE 15 – FUND BALANCES**

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

Fund Balances	General Fund	County Board of Developmental Disabilities Fund	Job and Family Services Fund	Motor Vehicle Gas Tax Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>						
EPA Fund	\$10,470	\$0	\$0	\$0	\$0	\$10,470
<b>Restricted for:</b>						
Legislative and Executive	0	0	0	0	1,732,211	1,732,211
Judicial	0	0	0	0	666,284	666,284
Public Safety	0	0	0	0	734,918	734,918
Public Works	0	0	0	1,923,372	248,283	2,171,655
Health	0	3,329,277	0	0	85,540	3,414,817
Human Services	0	0	409,425	0	1,143,857	1,553,282
Conservation and Recreation	0	0	0	0	363,929	363,929
Economic Development	0	0	0	0	21,219	21,219
Urban Redevelopment	0	0	0	0	54,354	54,354
Debt Services	0	0	0	0	1,034,045	1,034,045
Capital Projects	0	0	0	0	21,831	21,831
<i>Total Restricted</i>	<u>0</u>	<u>3,329,277</u>	<u>409,425</u>	<u>1,923,372</u>	<u>6,106,471</u>	<u>11,768,545</u>
<b>Committed to:</b>						
General Drainage Improvements	0	0	0	0	1,491	1,491
<b>Assigned to:</b>						
Purchases on Order	364,497	0	0	0	0	364,497
Unassigned:	4,385,276	0	0	0	0	4,385,276
<i>Total Fund Balances</i>	<u>\$4,760,243</u>	<u>\$3,329,277</u>	<u>\$409,425</u>	<u>\$1,923,372</u>	<u>\$6,107,962</u>	<u>\$16,530,279</u>

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

**NOTE 16 – INTERFUND TRANSACTIONS**

**Interfund Transfers**

During 2015, the following interfund transfers were made:

		Transfer From		
		General Fund	Nonmajor Governmental Funds	Total
Transfer To	General Fund	\$0	\$4,643	\$4,643
	Job and Family Services	74,553	0	74,553
	Motor Vehicle Gas			
	Tax Fund	59,000	0	59,000
	Nonmajor Governmental Funds	1,495,664	168,764	1,664,428
Total All Funds		\$1,629,217	\$173,407	\$1,802,624

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Monies were also transferred from other governmental funds into the General Fund as required by a court order and from Capital Projects Funds to Debt Service Funds. Transfers between non-major funds were for the purpose of supporting like-kind activities as well as to cover debt payments made from debt service funds.

**Interfund Advances**

During 2015, the following advances were made:

		Advances Out		
		General Fund	Nonmajor Governmental Funds	Total
Advances In	General Fund	\$0	\$298,485	\$298,485
	Nonmajor Governmental Funds	311,334	22,000	333,334
	Total All Funds	\$311,334	\$320,485	\$631,819

Advances were made from the General Fund to various funds to subsidize operations until anticipated revenues were received. Advances were also made between related non-major special revenue funds, capital projects funds, and enterprise funds to support projects or operations until anticipated funding is received.

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FAYETTE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>			
Job and Family Services Supplemental Nutrition Assistance Program	G-1415-11-5354	10.561	\$234,453
<b>Total Supplemental Nutrition Assistance Program Cluster</b>			<b>234,453</b>
Total U.S. Department of Agriculture			<b>234,453</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department Developmental Disabilities:</i>			
Board of Developmental Disabilities Social Services Block Grant - Title XX	N/A	93.667	20,092
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>			
Job and Family Services Social Services Block Grant - Title XX	G-1415-11-5354	93.667	143,256
<b>Total CFDA Number 93.667</b>			<b>163,348</b>
<i>Passed Through Ohio Department Developmental Disabilities:</i>			
Board of Developmental Disabilities Medical Assistance Program - Title XIX MAC	N/A	93.778	160,142
<i>Passed Through Ohio Department of Aging:</i>			
Passport		93.778	67,905
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>			
Job and Family Services Medical Assistance Program - NET	G-1415-11-5354	93.778	202,084
Medical Assistance Program - Enhanced	G-1415-11-5354	93.778	73,499
Medical Assistance Program - ARP Transportation	G-1415-11-5354	93.778	120
Medical Assistance Program - Title XIX	G-1415-11-5354	93.778	140,734
<b>Total Medicaid Cluster</b>			<b>644,484</b>
Children's Services Board Job and Family Services TANF - Administration	G-1415-11-5354	93.558	297,122
TANF - Regular	G-1415-11-5354		250,757
TANF - Summer Youth	G-1415-11-5354		154,632
<b>Total Temporary Assistance for Needy Families Cluster</b>			<b>702,511</b>
Job and Family Services Child Care Administration	G-1415-11-5354	93.575	19,139
Child Care NonAdministration	G-1415-11-5354	93.575	24,563
<b>Total Child Care Development Fund Cluster</b>			<b>43,702</b>
Job and Family Services (Continued) Federal Child Support	G-1415-11-5354	93.563	<b>583,433</b>
Visitation Access	G-1415-11-5354	93.597	<b>47,929</b>
Children's Services Board <b>Child Welfare Services - IV-B</b>	G-1415-11-5354	93.645	<b>74,994</b>
<b>Child Abuse and Neglect</b>	G-1415-11-5354	93.590	<b>1,935</b>
<b>Foster Care and IV-E Admin and Training</b>	G-1415-11-5354	93.658	<b>118,264</b>
Adoption Assistance, Title IV-E Non-Recurring Adoption	G-1415-11-5354	93.659	151,842
<b>Total Adoption Assistance Program</b>			<b>6,438</b>
<b>ESSA, Caseworker Visits</b>	G-1415-11-5354	93.556	<b>24,214</b>

(Continued)

FAYETTE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>Passed Through Ohio Department of Health:</i>			
Job and Family Services			
Special Programs for the Aging - Nutrition - Title III-B	EL016663	93.044	14,824
Special Programs for the Aging - Nutrition - Title III-C	EL016663	93.045	71,356
<b>Total Aging Cluster</b>			<b>86,180</b>
<b>Low-Income Home Energy Assistance Program</b>	ED051883/ED054089	93.568	<b>3,800</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>2,653,074</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through the Ohio Department of Development:</i>			
Community Development Block Grants - Water/Sewer	B-F-13-1AW-1	14.228	27,770
Community Development Block Grants	BF-14-1AW-1	14.228	53,789
<b>Total CFDA Number 14.228</b>			<b>81,559</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>81,559</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Grants to States:			
Special Education - Preschool Grants	7110-PGS1	84.173	8,967
<b>Total Special Education Cluster</b>			<b>8,967</b>
<i>Passed Through Ohio Department of Health:</i>			
Job and Family Services			
<b>Help Me Grow</b>	G-1415-11-5354	84.181	<b>61,199</b>
<b>Total U.S. Department of Education</b>			<b>70,166</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>			
Victim Witness - VOCA	2015VOCA-10201305		
Victim Witness - VOCA	2016VOCA-223074055	16.588	43,618
Victim Witness - VAWA	2015VOCA-12398063	16.588	403
<b>Total CFDA Number 16.588</b>	2014-WF-VA5-8411	16.588	<b>36,563</b>
<b>Edward Byrne Justice Assistance Grant Formula Program</b>	2014-JG-D01-6300	16.738	<b>11,332</b>
<b>Total U.S. Department of Justice</b>			<b>91,916</b>
<b>FEDERAL AGENCY DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through the Ohio Emergency Management Agency</i>			
Emergency Management Performance Grants	EMPG-2014-281	97.042	4,734
Emergency Management Performance Grants	EMPG-2014-331	97.042	6,186
<b>Total Federal Agency Department of Homeland Security</b>			<b>10,920</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult	N/A	17.258	60,438
Workforce Investment Act - Adult Administration	N/A		1,665
			<b>62,103</b>
Workforce Investment Act - Youth	N/A	17.259	60,060
Workforce Investment Act - Youth Administration	N/A		5,945
			<b>66,005</b>

(Continued)

FAYETTE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Workforce Investment Act - Dislocated Workers	N/A	17.278	42,016
Workforce Investment Act - Dislocated Workers Administration	N/A	17.278	1,698
Workforce Investment Act - Rapid Response Regular		17.278	<u>18,381</u>
			62,095
<b>Total WIA Cluster</b>			<b><u>190,203</u></b>
<b>Total U.S .Department Of Labor</b>			<b>190,203</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through the Federal Aviation Administration</i>			
Direct from Federal Government			
<b>Airport Improvement Program Grant</b>	AIP-3-39-0086-010-2015	20.106	<u>593,069</u>
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster			
FAYVaries 2013 Sollars Rd Bridge	PID 94144	20.205	<u>59,190</u>
<b>Highway Planning and Construction Cluster</b>			<b>59,190</b>
<b>Total U.S. Department Of Transportation</b>			<b>652,259</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u><u>\$3,984,550</u></u></b>

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**FAYETTE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED DECEMBER 31, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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

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# Dave Yost • Auditor of State

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

Fayette County  
133 South Main Street  
Washington Court House, Ohio 43160

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fayette County, (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2016, wherein we noted the County uses a special purpose framework other than other than generally accepted accounting principles. We issued an adverse opinion on business type activities and related major enterprise fund because the County's cash basis financial statements do not include amounts related to the Fayette County Memorial Hospital. In addition, we also noted the County did not include their only legally separate discretely presented component unit, Fayette Progressive Industries, Inc.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

***Compliance and Other Matters***

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

***Entity's Response to Findings***

The Entity's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 26, 2016



# Dave Yost • Auditor of State

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

Fayette County  
133 South Main Street  
Washington Court House, Ohio 43160

To the Board of County Commissioners:

### ***Report on Compliance for Each Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Fayette County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2015.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2015-003.

The County's response to our internal control over compliance findings is described in the accompanying schedule of findings and corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

Fayette County  
Independent Auditor's Report on Compliance With  
Requirements Applicable to Each Major Federal Program  
And on Internal Control Over Compliance Required by  
The Uniform Guidance  
Page 3

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 26, 2016

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse: Business Type Activities, Discretely Presented Component Unit, Enterprise Fund–Fayette County Memorial Hospital Unmodified: all other opinion units
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR §200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #93.558 TANF CFDA #93.563 Child Support CFDA #20.106 Airport Improvement Program Grant CFDA #10.561 Supplemental Nutrition Assistance Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2015-001**

**Noncompliance**

**Ohio Rev. Code Section 117.38** provides, in part, that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code 117.38.

**Ohio Admin. Code Section 117-2-03(B)** requires the County to prepare its annual financial report in accordance with generally accepted accounting principles.

The County did not prepare its annual financial report in accordance with generally accepted accounting principles as follows:

- The County prepared its financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while presumably material, cannot be reasonably determined at this time.
- Governmental Accounting Standards Board Codification (GASB) Section 2100 requires the County to report its County-owned Hospital (Fayette County Memorial Hospital) in the annual financial report as a blended component unit: as a major enterprise fund and as business type activity in the entity-wide statements. Management has not included the Fayette County Memorial Hospital financial statements as in the Fayette County annual financial report.
- GASB Codification Section 2100 requires the County to report Fayette Progressive Industries, Inc. in the annual financial report as a discretely presented component unit. Management has not included the Fayette Progressive Industries, Inc. financial statement in the Fayette County annual financial report.

The County can be fined and various other administrative remedies may be taken against the County, as such, we recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

**Officials' Response:**

In the short term, the County will continue to file on a Cash Basis for economic reasons.

Options exist for the Fayette County Memorial Hospital to become a tax exempt organization, however, no decision has been made at this time.

At the end of calendar 2016, Fayette Progressive Industries will become a standalone agency, operating independently of Fayette County.

**FINDING NUMBER 2015-002**

**Material Weakness**

Governments are required to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance related legal and contractual requirements and prepare financial statements.

The County lacked controls to ensure that transactions were posted accurately. We identified the following posting errors:

<b>2015</b>					
<b><i>Transaction as Posted (incorrect)</i></b>			<b><i>Correct Transaction Posting</i></b>		
<b>Fund</b>	<b>Account</b>	<b>Amount</b>	<b>Fund</b>	<b>Account</b>	<b>Amount</b>
Public Assistance	Other Receipts	373,237	Public Assistance	Intergovernmental	373,237
Motor Vehicle Gas Tax	Not Posted	0	Motor Vehicle Gas Tax	Intergovernmental	385,231
Motor Vehicle Gas Tax	Not Posted	0	Motor Vehicle Gas Tax	Capital Outlay	385,231

In addition, Federal and State grants are “Deemed an Appropriation” under section ORC 5705.42, stating the government has already appropriated and established the purpose for which a government can spend monies received from Federal and State grants. The County received the above Ohio Public Works grant in the amount of \$385,231, but did not post the appropriation to the accounting system.

These errors were caused by lack of timely monitoring of the posting of transactions. Failure to accurately post and report receipt and expenditure transactions could result in material errors in the County’s financial statements and reduces the ability of Commissioners to monitor financial activity and to make sound decisions which affect the overall, available cash position of the County.

We recommend that officials review the chart of accounts, contracts and on behalf payments to assure that items are being posted to the proper account codes and funds. Appropriation modifications should be approved and posted to the County accounting system.

**Officials’ Response:**

The County will assist in monitoring receipts with the Department presenting funds for deposit to ensure correct posting. The County will co-ordinate with the County Engineers Office to monitor O.P.W.C projects and funds awarded to Fayette County and maintain an active project list to more accurately track State expenditures.

**3. FINDINGS FOR FEDERAL AWARDS**

**1. Accuracy and Completeness of Federal Schedule**

<b>Finding Number</b>	2015-003		
<b>CFDA Title and Number</b>	93.778 - Ohio Department of Aging – Passport 93.778 - Medical Assistance Program 93.658 – Foster Care and IV-E 93.659 – Adoption Assistance Non-Recurring Adoption 93.044 – Title III-B 93.045 – Title C 93.568 – Low-Income Home Energy Asst. Program 14.228 – Community Development Block Grants 84.173 – Special Education – Preschool Grants 16.588 – Victim Witness – VOCA 16.738 – Edward Byrne Justice Asst. Formula Grant 20.106 – Airport Improvement Program 20.205 – Highway Planning and Construction		
<b>Federal Award Identification Number / Year</b>	2015		
<b>Federal Agency</b>	U.S. Department of Health and Human Services U.S. Department of Housing and Urban Development U.S. Department of Education U.S. Department of Justice U.S. Department of Transportation		
<b>Pass-Through Entity</b>	Ohio Department of Developmental Disabilities Ohio Department of Job and Family Services Ohio Department of Health Ohio Department of Development Ohio Department of Education Ohio Office of Criminal Justice Services Ohio Department of Transportation		
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>	<b>Finding Number (if repeat)</b>	N/A

Noncompliance and Material Weakness

**2 CFR 200.510(b)** requires the auditee to prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended.

The County does not have a system in place to identify and monitor the federal award expenditures. The County relies on the various departments that manage each award to provide expenditure date and grant agreements to facilitate the preparation of the County's Schedule of Expenditures of Federal Awards. The procedures utilized to prepare the County's Schedule of Expenditures of Federal Awards were inadequate, as such the County's Schedule of Federal Awards Expenditures presented for audit did not accurately list all federal expenditures expended by the County. We identified the following variances:

**FINDING NUMBER 2015-003  
 (Continued)**

<b>CFDA #</b>	<b>Expenditures Reported</b>	<b>Actual Expenditures</b>	<b>Variance</b>
93.778	69,870	67,905	1,965
93.778	414,436	416,437	(2,001)
93.658	76,119	118,264	(42,145)
93.659	164,717	158,280	6,437
93.044	27,654	14,824	12,830
93.045	84,269	71,356	12,913
93.568	1,900	3,800	(1,900)
14.228	64,639	81,559	(16,920)
84.173	0	8,967	(8,967)
16.588	0	80,584	(80,584)
16.738	0	11,332	(11,332)
20.106	0	593,069	(593,069)
20.205	484,486	59,190	425,296

Audit adjustments were posted to the County's federal schedule to properly reflect actual federal expenditures. Failure to identify federal awards and accurately prepare a federal awards expenditure schedule resulted in noncompliance with federal Uniform Guidance, inaccurate reporting of Federal awards activity and may compromise the County's ability to obtain federal awards in the future.

We recommend the County develop a system to identify federal award expenditures and monitor its agreements for federal programs periodically during the year to ensure that all federal funds are being properly reported on the schedule

**Officials' Response:**

The County will correspond with each Department to request detailed information on Federal Expenditures and utilize a checklist to track responses. In light of the CFDA #s in question this year, the County will be able to more accurately inquire of each Department their source of funds.

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FAYETTE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315 (b)  
 DECEMBER 31, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	ORC 117.38 & OAC 117-2-03(B) Failure to file annual financial report on required accounting basis.	No	Not Corrected – Repeat 2015-001

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**FAYETTE COUNTY**

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

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2015-001	<p>In the short term, the County will continue to file on a Cash Basis for economic reasons.</p> <p>Options exist for the Fayette County Memorial Hospital to become a tax exempt organization, however, no decision has been made at this time.</p> <p>At the end of calendar 2016, Fayette Progressive Industries will become a standalone agency, operating independently of Fayette County.</p>	9/30/2016	Fayette County Auditor
2015-002	<p>The County will assist in monitoring receipts with the Department presenting funds for deposit to ensure correct posting.</p> <p>The County will co-ordinate with the County Engineers Office to monitor O.P.W.C projects and funds awarded to Fayette County and maintain an active project list to more accurately track State expenditures.</p>	9/30/2016	Fayette County Auditor
2015-003	<p>The County will correspond with each Department to request detailed information on Federal Expenditures and utilize a checklist to track responses. In light of the CFDA #s in question this year, the County will be able to more accurately inquire of each Department their source of funds.</p>	12/1/2016	Fayette County Auditor

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# Dave Yost • Auditor of State

FAYETTE 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  
OCTOBER 11, 2016