



Dave Yost • Auditor of State

SCIOTO COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund	25
Public Assistance Special Revenue Fund	26
Motor Vehicle Gas Tax Special Revenue Fund	27
Board of Developmental Disabilities Special Revenue Fund.....	28
Children Services Special Revenue Fund	29
Statement of Fund Net Position	
Enterprise Fund.....	30
Statement of Revenues, Expenses and Changes in Fund Net Position Enterprise Fund.....	31
Statement of Cash Flows	
Enterprise Fund.....	32
Statement of Fiduciary Assets and Liabilities	
Agency Funds	33
Notes to the Basic Financial Statements	35

SCIOTO COUNTY
TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System - Traditional Plan – Last Two Years	83
Schedule of the County's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio - Last Three Fiscal Years	84
Schedule of County Contributions – Ohio Public Employees Retirement System - Traditional Plan – Last Three Years	85
Schedule of County Contributions – State Teachers Retirement System Of Ohio – Last Ten Years	86
Schedule of Expenditures of Federal Awards.....	87
Notes to the Schedule of Expenditures of Federal Awards	91
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	95
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.....	97
Schedule of Findings.....	99
Summary Schedule of Prior Audit Findings	101



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

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 discretely presented component units and remaining fund information of Scioto County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities and Children Services Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 3 and 11 to the financial statements, during the year ended December 31, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The 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 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 the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this 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 19, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2016

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scioto County's (the "County") discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

The County's total net position increased \$6,579,287 during 2015. Net position of governmental activities increased \$4,538,097. Net position of the business-type activity increased \$2,041,190.

General revenues of governmental activities accounted for \$22,690,925. Program specific revenues in the form of charges for services and sales, grants, and contributions restricted to specific programs accounted for \$34,933,194.

The Sewer Enterprise Fund reflected operating income of \$2,207,313.

The County had \$53,116,022 in expenses related to governmental activities; \$34,933,194 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements, property taxes and sales taxes) of \$22,690,925 were more than adequate to provide for these programs. The County had \$1,878,029 in expenses related to its business-type activity; all of which were offset by program specific charges for services and sales along with capital grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE COUNTY AS A WHOLE

Statement of Net Position and the Statement of Activities

The analysis of the County as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine if Scioto County is financially better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes to those net assets. This change informs the reader whether the County's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the County's financial well-being. Some of these factors include the County's tax base and the condition of capital assets.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities.

Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and transportation.

Business-Type Activity – This activity includes fees for sewer services that are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

The financial activities of STAR, Inc. and the Scioto County Airport Authority, both component units of Scioto County, are presented in separate columns on the Statement of Net Position and as separately identified activities on the Statement of Activities. While the County provides services and resources to both STAR, Inc. and the Scioto County Airport Authority, these discrete presentations are made in order to emphasize that they are still legally separate organizations from the County. However, focus on the government-wide financial statements remains clearly on the County as the primary government.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the County's major funds begins on page eleven. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for the use of grants. The County's major funds are the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, Children Services, and Sewer Funds.

Governmental Funds – Most of the County's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds – When the County charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Position looks at the County as a whole. Table 1 provides a summary of the County's net position for 2015 compared to 2014.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Assets						
Current and						
Other Assets	\$46,095,015	\$40,500,338	\$6,352,936	\$7,486,309	\$52,447,951	\$47,986,647
Investment in						
Joint Venture	170,941	165,623	0	0	170,941	165,623
Capital Assets,						
Net of Depreciation	88,018,056	86,791,108	51,436,239	41,279,849	139,454,295	128,070,957
Total Assets	<u>134,284,012</u>	<u>127,457,069</u>	<u>57,789,175</u>	<u>48,766,158</u>	<u>192,073,187</u>	<u>176,223,227</u>
Deferred Outflows of Resources						
Deferred Charge on						
Refunding	178,205	191,571	22,629	33,946	200,834	225,517
Pension	3,272,277	1,944,814	119,666	78,734	3,391,943	2,023,548
Total Deferred Outflows	<u>3,450,482</u>	<u>2,136,385</u>	<u>142,295</u>	<u>112,680</u>	<u>3,592,777</u>	<u>2,249,065</u>
Liabilities						
Current and Other						
Liabilities	4,119,190	2,231,092	622,041	3,025,102	4,741,231	5,256,194
Long-Term Liabilities:						
Due Within One Year	2,211,316	2,444,865	550,687	511,697	2,762,003	2,956,562
Due in More Than One Year						
Net Pension Liability	19,351,710	18,913,634	750,188	721,976	20,101,898	19,635,610
Other Amounts	8,107,268	8,739,278	23,600,273	13,997,227	31,707,541	22,736,505
Total Liabilities	<u>33,789,484</u>	<u>32,328,869</u>	<u>25,523,189</u>	<u>18,256,002</u>	<u>59,312,673</u>	<u>50,584,871</u>
Deferred Inflows of Resources						
Property Taxes	8,325,841	6,750,693	0	0	8,325,841	6,750,693
Revenue in Lieu of Taxes	19,800	19,800	0	0	19,800	19,800
Pension	567,180	0	12,977	0	580,157	0
Total Deferred Inflows	<u>8,912,821</u>	<u>6,770,493</u>	<u>12,977</u>	<u>0</u>	<u>8,925,798</u>	<u>6,770,493</u>
Net Position						
Net Invested in						
Capital Assets	79,996,053	79,274,806	27,137,690	24,123,658	107,133,743	103,398,464
Restricted for:						
Debt Service	26,048	26,564	0	0	26,048	26,564
Capital Projects	1,312,342	876,200	0	0	1,312,342	876,200
Other Purposes	19,853,491	18,165,358	0	0	19,853,491	18,165,358
Unrestricted	<u>(6,155,745)</u>	<u>(7,848,836)</u>	<u>5,257,614</u>	<u>6,230,456</u>	<u>(898,131)</u>	<u>(1,618,380)</u>
Total Net Position	<u>\$95,032,189</u>	<u>\$90,494,092</u>	<u>\$32,395,304</u>	<u>\$30,354,114</u>	<u>\$127,427,493</u>	<u>\$120,848,206</u>

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

During 2015, the County adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

As a result of implementing GASB 68, the County is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2014, from \$107,462,912 to \$90,494,092 for governmental activities and from \$31,266,078 to \$30,354,114 for business-type activities.

Total assets of the County's governmental activities increased \$6,826,943. The increase was mainly due to an increase of \$1,149,352 in cash and cash equivalents mostly stemming from the County's General Fund. Along with increases in revenues such as sales taxes and property taxes, the County continued to monitor expenses. Capital Assets, Net of Depreciation increased \$1,226,948 due to current year additions and construction in progress exceeding current year deletions and depreciation. The majority of the increase occurred due to additions of various infrastructure assets such as bridge and culvert replacements and street paving. The deferred outflows increased \$1,314,097, as a result of the net pension liability calculation.

There was an increase in net investment in capital assets for governmental activities of \$721,247 primarily due to the addition of various infrastructure assets and the retirement of debt related to capital assets. Total governmental activities net position increased \$4,538,097 due to revenues exceeding non-capitalized expenses.

There was an increase in invested in capital assets, net of related debt, for business-type activity of \$3,014,032. The increase was related to the completion of the Minford Sewer System project.

Table 2 shows the changes in net assets for the years ended December 31, 2015, and 2014.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,326,683	\$7,141,618	\$3,695,576	\$3,743,479	\$11,022,259	\$10,885,097
Operating Grants and Contributions	26,638,241	23,305,996	0	0	26,638,241	23,305,996
Capital Grants and Contributions	968,270	1,846,891	215,702	14,616,103	1,183,972	16,462,994
Total Program Revenues	<u>34,933,194</u>	<u>32,294,505</u>	<u>3,911,278</u>	<u>18,359,582</u>	<u>38,844,472</u>	<u>50,654,087</u>
General Revenues:						
Property Taxes	6,917,690	6,204,441	0	0	6,917,690	6,204,441
Other Local Taxes	464,546	375,090	0	0	464,546	375,090
Sales Tax	12,154,402	12,093,479	0	0	12,154,402	12,093,479
Revenue in Lieu of Taxes	205	173	0	0	205	173
Grants and Entitlements not Restricted to Specific Programs	2,226,581	1,801,669	0	0	2,226,581	1,801,669
Interest	7,173	9,085	0	0	7,173	9,085
Contributions and Donations	275	2,050	0	0	275	2,050
Miscellaneous	920,053	1,489,422	37,941	37,762	957,994	1,527,184
Total General Revenues	<u>22,690,925</u>	<u>21,975,409</u>	<u>37,941</u>	<u>37,762</u>	<u>22,728,866</u>	<u>22,013,171</u>
Total Revenues	<u>\$57,624,119</u>	<u>\$54,269,914</u>	<u>\$3,949,219</u>	<u>\$18,397,344</u>	<u>\$61,573,338</u>	<u>\$72,667,258</u>

(Continued)

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Table 2
Changes in Net Position
(Continued)

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Program Expenses						
General Government:						
Legislative and Executive	\$7,362,968	\$8,365,254	\$0	\$0	\$7,362,968	\$8,365,254
Judicial	2,794,910	2,737,196	0	0	2,794,910	2,737,196
Public Safety:						
Sheriff	5,772,588	5,928,950	0	0	5,772,588	5,928,950
Other	2,416,444	2,313,465	0	0	2,416,444	2,313,465
Public Works	7,923,126	4,427,125	0	0	7,923,126	4,427,125
Health	11,758,238	11,578,290	0	0	11,758,238	11,578,290
Human Services	12,794,293	12,070,327	0	0	12,794,293	12,070,327
Conservation and Recreation	421,744	527,696	0	0	421,744	527,696
Economic Development and Assistance	787,728	871,381	0	0	787,728	871,381
Transportation	750,149	779,057	0	0	750,149	779,057
Interest and Fiscal Charges	333,834	427,739	0	0	333,834	427,739
Sewer	0	0	1,878,029	4,044,745	1,878,029	4,044,745
Total Expenses	53,116,022	50,026,480	1,878,029	4,044,745	54,994,051	54,071,225
Change in Net Position						
Before Transfers and Special Item	4,508,097	4,243,434	2,071,190	14,352,599	6,579,287	18,596,033
Special Item	0	0	0	1,412,285	0	1,412,285
Transfers	30,000	0	(30,000)	0	0	0
Change in Net Position	4,538,097	4,243,434	2,041,190	15,764,884	6,579,287	20,008,318
Net Position at Beginning of Year - Restated	90,494,092	N/A	30,354,114	N/A	120,848,206	N/A
Net Position at End of Year	\$95,032,189	\$90,494,092	\$32,395,304	\$30,354,114	\$127,427,493	\$120,848,206

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$2,332,073 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,010,123. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities	Total
Total 2015 program expenses under GASB 68	\$53,116,022	\$1,878,029	\$54,994,051
Pension expense under GASB 68	(1,929,613)	(80,510)	(2,010,123)
2015 contractually required contribution	2,251,820	80,253	2,332,073
Adjusted 2015 program expenses	53,438,229	1,877,772	55,316,001
Total 2014 program expenses under GASB 27	50,026,480	4,044,745	54,071,225
Increase/Decrease in program expenses not related to pension	\$3,411,749	(\$2,166,973)	\$1,244,776

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Governmental Activities

The County's direct charges to users of governmental services are \$7,326,683 of total governmental revenues for 2015. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, recording fees, sheriff contracts, transportation fees, fines and forfeitures related to judicial activity, housing fees for prisoners from other jurisdictions, and licenses and permits. These charges increased \$185,065, which is not significant.

Operating grants and contributions restricted to specific programs is the largest source of revenue for Scioto County. The major recipients of operating grants and contributions were the Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Funds. The increase is primarily due to increases in State and federal program reimbursements, grants, and subsidies associated with the Board of Developmental Disabilities and Public Assistance. Capital grants and contributions decreased mostly due to a decrease in grant funding for County Engineer projects.

Sales tax collected by the County comprised \$12,154,402 of total governmental revenues for 2015, which was an increase of \$60,923 from 2014. Proceeds of the permissive sales tax are credited to the General Fund.

Health programs (including the Board of Developmental Disabilities) made up \$11,758,238 of total expenses and increased \$179,948 compared to 2014. This increase was insignificant. Human services (including Public Assistance and Children Services) programs accounted for \$12,794,293 of total expenses for governmental activities. Human services increased \$723,966 due to the County spending more on human services as a result of an increase in grant revenues. Public works expenses accounted for \$7,923,126 of total expenses for governmental activities. The increase of \$3,496,001 is primarily due to the County spending more on road maintenance and repairs, which were non-capitalized expenditures.

The County Commissioners have a quality of life commitment to the citizens and businesses located within the County. For example, the Commissioners continue to provide county-wide transportation through Access Scioto County, maintain infrastructure assets, such as roads and bridges, and maintain the jail to provide further safety for all citizens.

Business-Type Activity

The net position for business-type activity increased \$2,041,190 during 2015, which is much less than the \$15,764,884 increase during 2014. The increase in 2015 is much less because the County did not receive as much grant monies as the Minford Sewer System project was completed during the year.

THE COUNTY'S FUNDS

Information about the County's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$55,908,187 and expenditures of \$55,805,878.

The General Fund balance increased \$1,102,708 in 2015. This was due to revenues exceeding non-capitalized expenses and an increase in State and federal funding.

The Public Assistance Fund balance increased \$137,661, which was due to an increase federal and State programs.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The Motor Vehicle Gas Tax Fund balance decreased \$330,466. This resulted from the County spending more due to an increase in road and bridge project expenditures.

The Board of Developmental Disabilities Fund balance decreased \$499,924 in 2015. The decrease is mainly due to accounts payable and intergovernmental payables increased during 2015 compared to 2014.

The Children Services Fund balance increased \$17,106, mainly due to an increase in charges for services from Title XX and State and federal funding.

The Sewer Fund reflects operating income of \$2,207,313 for 2015. Charges for services for sewer utilities have historically been established to ensure that, on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service. During 2015, operating expenses decreased \$2,249,413 mainly due to the completion of the Minford Sewer System project.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted, the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

During 2015, the County amended its General Fund budget as needed. The most significant variance from original budget revenue amounts to the final budget revenue amounts was in sales tax. Sales tax is the result of conservative estimates due to the uncertainty surrounding sales tax collections. There were increases in actual revenue from final estimated revenue in almost all revenue accounts but the most significant was in sales tax revenue which was due to actual receipts being much higher than originally anticipated.

Total variance from original budget expenditure amounts to the final budget expenditure amounts increased mostly in legislative and executive due to greater costs associated with various purposes such as utilities, maintenance, supplies and health insurance costs which were not anticipated in the original budget. The variances from final budget expenditure amounts to actual amounts decreased in several expenditures with the largest in legislative and executive. This decrease was due to expenditures that were initially budgeted in 2015 but did not actually occur until 2016 and other expenses that were budgeted but were deemed not to occur during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2015, the County had additions to land, construction in progress, and depreciable assets of \$200,000, \$67,682, and \$5,139,276, respectively, in the governmental activities. These were the result of the acquisition of land along with various land improvements, buildings and improvements, equipment, vehicles, and infrastructure assets.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The additions to land, construction in progress, and depreciable assets consisted of \$7,975, \$9,327,090, and \$30,117,779, respectively, in the business-type activities. A large majority of construction in progress additions were the result of the Minford Sewer System project. The depreciable assets were the result of the County finalizing the Minford Sewer System project. See Note 9 of the notes to the basic financial statements for more detailed capital assets information.

Debt

At December 31, 2015, Scioto County had \$8,273,274 in long-term debt outstanding in governmental activities. This included \$7,288,801 of general obligation bonds and premium, a \$247,872 in OPWC loans, and \$737,081 in capital leases. There were three new capital leases entered into during 2015 for governmental activities and a new OPWC loan for highway improvements.

The amount of long-term debt in the business-type activity was \$24,063,970 which consisted of \$2,374,851 in general obligation bonds, \$2,554,814 in Farmer's Home Administration (FHA) bonds, \$1,154,730 in (Ohio Public Works Commission (OPWC) loans, and \$17,979,575 in the Ohio Water Development Authority (OWDA) and the United States Department of Agriculture (USDA) loans. During 2015, the County continued to draw on one existing USDA loan.

The County's long-term obligations also included compensated absences and net pension liability for governmental and business-type activities, as well as a liability for the Ohio Bureau of Workers' Compensation Retrospective Rating Program.

See Notes 14, 15 and 16 of the notes to the basic financial statements for more detailed information.

CONTACTING THE COUNTY AUDITOR'S OFFICE

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David L. Green, County Auditor, Scioto County, 602 Seventh Street, Room 103, Portsmouth, Ohio 45662.

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Statement of Net Position
December 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	STAR, Inc.	Scioto County Airport Authority
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$23,000,531	\$3,718,992	\$26,719,523	\$441,017	\$139,256
Cash and Cash Equivalents in Segregated Accounts	240,713	246,989	487,702	0	0
Accrued Interest Receivable	3,531	0	3,531		
Materials and Supplies Inventory	392,110	10,763	402,873	7,757	0
Accounts Receivable	68,438	2,253,101	2,321,539	128,553	567
Prepaid Items	311,840	25,223	337,063	0	684
Sales Tax Receivable	3,115,830	0	3,115,830	0	0
Property Taxes Receivable	9,952,679	0	9,952,679	0	0
Revenue in Lieu of Taxes Receivable	19,800	0	19,800	0	0
Due from Other Governments	8,595,992	0	8,595,992	0	0
Loans Receivable	393,551	97,868	491,419	0	0
Investment in Joint Venture	170,941	0	170,941	0	0
Capital Assets:					
Land and Construction in Progress	1,841,276	485,974	2,327,250	0	365,737
Depreciable Capital Assets, Net	86,176,780	50,950,265	137,127,045	51,012	1,825,500
Total Assets	134,284,012	57,789,175	192,073,187	628,339	2,331,744
<u>Deferred Outflows Of Resources</u>					
Deferred Charge On Refunding	178,205	22,629	200,834	0	0
Pension	3,272,277	119,666	3,391,943	0	0
Total Deferred Outflows of Resources	3,450,482	142,295	3,592,777	0	0
<u>Liabilities:</u>					
Accounts Payable	1,252,206	69,494	1,321,700	765	3,751
Contracts Payable	1,418,393	10,071	1,428,464	0	90,084
Accrued Wages Payable	452,056	11,768	463,824	31,985	0
Due to Other Governments	816,784	64,756	881,540	0	0
Accrued Interest Payable	20,467	99,165	119,632	0	0
Matured Compensated Absences Payable	34,117	0	34,117	0	0
Compensatory Time Payable	67,106	16,787	83,893	0	0
Retainage Payable	58,061	350,000	408,061	0	0
Long-Term Liabilities:					
Due Within One Year	2,211,316	550,687	2,762,003	4,126	0
Due in More Than One Year:					
Net Pension Liability (See Note 11)	19,351,710	750,188	20,101,898	8,941	0
Other Amounts	8,107,268	23,600,273	31,707,541	0	0
Total Liabilities	33,789,484	25,523,189	59,312,673	45,817	93,835
<u>Deferred Inflows Of Resources</u>					
Property Taxes	8,325,841	0	8,325,841	0	0
Revenue In Lieu Of Taxes	19,800	0	19,800	0	0
Pension	567,180	12,977	580,157	0	0
Total Deferred Inflows Of Resources	8,912,821	12,977	8,925,798	0	0
<u>Net Position:</u>					
Net Investment in Capital Assets	79,996,053	27,137,690	107,133,743	51,012	2,191,237
Restricted for:					
Debt Service	26,048	0	26,048	0	0
Capital Projects	1,312,342	0	1,312,342	0	0
Public Safety	3,268,262	0	3,268,262	0	0
Human Services	5,173,947	0	5,173,947	0	0
Public Works	3,889,749	0	3,889,749	0	0
Health	3,855,437	0	3,855,437	0	0
Community and Economic Development	935,199	0	935,199	0	0
Transportation	152,599	0	152,599	0	0
Judicial	721,404	0	721,404	0	0
Other Purposes	1,856,894	0	1,856,894	0	0
Unrestricted	(6,155,745)	5,257,614	(898,131)	531,510	46,672
Total Net Position	\$95,032,189	\$32,395,304	\$127,427,493	\$582,522	\$2,237,909

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues		
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>			
General Government:			
Legislative and Executive	\$7,362,968	\$1,782,330	\$0
Judicial	2,794,910	1,447,565	616,028
Public Safety:			
Sheriff	5,772,588	2,263,133	204,100
Other	2,416,444	403,269	1,505,097
Public Works	7,923,126	62,918	4,718,632
Health	11,758,238	354,289	6,927,971
Human Services	12,794,293	606,733	11,287,401
Conservation and Recreation	421,744	7,280	5,318
Economic Development and Assistance	787,728	83,120	848,869
Transportation	750,149	316,046	524,825
Interest and Fiscal Charges	333,834	0	0
<i>Total Governmental Activities</i>	53,116,022	7,326,683	26,638,241
<u>Business-Type Activity:</u>			
Sewer	1,878,029	3,695,576	0
<i>Total Primary Government</i>	\$54,994,051	\$11,022,259	\$26,638,241
<u>Component Units:</u>			
STAR, Inc.	\$1,543,587	\$1,524,737	\$186,280
Scioto County Airport Authority	319,742	101,808	0
<i>Total Component Unit Activities</i>	\$1,863,329	\$1,626,545	\$186,280

General Revenues and Transfers:

Property Taxes Levied for:
General Purposes
Board of Developmental Disabilities
Children Services
Other Purposes
Other Local Taxes
Sales Tax
Revenue in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Contributions and Donations
Miscellaneous
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year - Restated (see Note 3)

Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	STAR, Inc.	Scioto County Airport Authority	
(\$5,580,638)	\$0	(\$5,580,638)	\$0	\$0	
(731,317)	0	(731,317)	0	0	
(3,305,355)	0	(3,305,355)	0	0	
(508,078)	0	(508,078)	0	0	
(2,173,306)	0	(2,173,306)	0	0	
(4,475,978)	0	(4,475,978)	0	0	
(900,159)	0	(900,159)	0	0	
(409,146)	0	(409,146)	0	0	
144,261	0	144,261	0	0	
90,722	0	90,722	0	0	
(333,834)	0	(333,834)	0	0	
(18,182,828)	0	(18,182,828)	0	0	
0	2,033,249	2,033,249	0	0	
(18,182,828)	2,033,249	(16,149,579)	0	0	
0	0	0	167,430	0	
0	0	0	0	(197,168)	
0	0	0	167,430	(197,168)	
1,911,851	0	1,911,851	0	0	
4,152,278	0	4,152,278	0	0	
787,719	0	787,719	0	0	
65,842	0	65,842	0	0	
464,546	0	464,546	0	0	
12,154,402	0	12,154,402	0	0	
205	0	205	0	0	
2,226,581	0	2,226,581	0	0	
7,173	0	7,173	0	0	
275	0	275	0	0	
920,053	37,941	957,994	0	0	
30,000	(30,000)	0	0	0	
22,720,925	7,941	22,728,866	0	0	
4,538,097	2,041,190	6,579,287	167,430	(197,168)	
90,494,092	30,354,114	120,848,206	415,092	2,435,077	
\$95,032,189	\$32,395,304	\$127,427,493	\$582,522	\$2,237,909	

SCIOTO COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2015

	General	Public Assistance	Motor Vehicle Gas Tax
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$7,949,670	\$1,216,448	\$1,694,408
Cash and Cash Equivalents in			
Segregated Accounts	198,786	9,279	0
Receivables:			
Sales Tax	3,115,830	0	0
Property Taxes	2,228,847	0	0
Accounts	62,982	0	0
Accrued Interest	3,531	0	0
Interfund	36,534	27,750	169,600
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	998,313	378,931	2,258,484
Prepaid Items	115,015	124,299	11,741
Materials and Supplies Inventory	64,992	16,488	302,563
Loans Receivable	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	304,967	0	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$15,079,467</u>	<u>\$1,773,195</u>	<u>\$4,436,796</u>
<u>Liabilities:</u>			
Accounts Payable	\$393,263	\$133,906	\$116,507
Contracts Payable	0	0	152,555
Accrued Wages Payable	141,394	100,364	62,837
Due to Other Governments	221,029	107,025	43,300
Interfund Payable	9,949	71,781	0
Retainage Payable	0	0	0
Matured Compensated Absences Payable	14,949	0	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>780,584</u>	<u>413,076</u>	<u>375,199</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes not Levied to Finance Current			
Year Operations	1,854,594	0	0
Payment in Lieu of Taxes not Intended to Finance			
Current Year Operations	0	0	0
Unavailable Revenue	2,081,902	0	1,569,236
	<u> </u>	<u> </u>	<u> </u>
<i>Total Deferred Inflows of Resources</i>	<u>3,936,496</u>	<u>0</u>	<u>1,569,236</u>
<u>Fund Balances:</u>			
Nonspendable	484,974	140,787	314,304
Restricted	0	1,219,332	2,178,057
Committed	0	0	0
Assigned	353,551	0	0
Unassigned (Deficit)	9,523,862	0	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>10,362,387</u>	<u>1,360,119</u>	<u>2,492,361</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$15,079,467</u>	<u>\$1,773,195</u>	<u>\$4,436,796</u>

See Accompanying Notes to the Basic Financial Statements

Board of Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$1,698,498	\$1,219,721	\$8,916,819	\$22,695,564
0	0	32,648	240,713
0	0	0	3,115,830
6,658,008	946,263	119,561	9,952,679
0	100	5,356	68,438
0		0	3,531
0	5,185	71,781	310,850
14,400	3,600	1,800	19,800
1,830,358	631,594	2,498,312	8,595,992
23,283	27,972	9,530	311,840
4,697	500	2,870	392,110
0	0	393,551	393,551
0	0	0	304,967
<u>\$10,229,244</u>	<u>\$2,834,935</u>	<u>\$12,052,228</u>	<u>\$46,405,865</u>
\$309,122	\$144,700	\$154,708	\$1,252,206
0	0	1,265,838	1,418,393
52,383	27,928	67,150	452,056
312,756	21,304	111,370	816,784
0	0	229,120	310,850
0	0	58,061	58,061
19,168	0	0	34,117
<u>693,429</u>	<u>193,932</u>	<u>1,886,247</u>	<u>4,342,467</u>
5,577,298	790,508	103,441	8,325,841
14,400	3,600	1,800	19,800
<u>2,276,542</u>	<u>448,495</u>	<u>820,216</u>	<u>7,196,391</u>
<u>7,868,240</u>	<u>1,242,603</u>	<u>925,457</u>	<u>15,542,032</u>
27,980	28,472	12,400	1,008,917
1,639,595	1,369,928	8,852,882	15,259,794
0	0	360,242	360,242
0	0	22,884	376,435
0	0	(7,884)	9,515,978
<u>1,667,575</u>	<u>1,398,400</u>	<u>9,240,524</u>	<u>26,521,366</u>
<u>\$10,229,244</u>	<u>\$2,834,935</u>	<u>\$12,052,228</u>	<u>\$46,405,865</u>

This page intentionally left blank.

SCIOTO COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2015

Total Governmental Fund Balances \$26,521,366

*Amounts reported for governmental activities in the
 Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,841,276	
Depreciable capital assets	143,435,693	
Accumulated depreciation	(57,258,913)	
Total capital assets		88,018,056

The County has an investment interest in joint venture assets, which is part of the County's overall governmental activities. 170,941

Other long-term assets will not be available to pay current-period expenditures and, therefore, are offset by deferred inflows of resources in the funds:

Sales tax	1,521,600	
Delinquent property taxes	2,163,941	
Accounts	192,886	
Intergovernmental	3,317,964	
Total		7,196,391

Deferred Outflows of Resources represent deferred charges on refundings which do not provide current year financial resources and, therefore, are not reported in the funds. 178,205

In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due. (20,467)

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

Deferred Outflows - Pension	3,272,277	
Deferred Inflows - Pension	(567,180)	
Net Pension Liability	(19,351,710)	
Total		(16,646,613)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(7,285,000)	
Premium on Debt Issued	(3,801)	
Loans payable	(247,872)	
Capital leases payable	(737,081)	
Compensated absences	(1,866,901)	
Accrued compensatory time payable	(67,106)	
Workers' compensation claims payable	(177,929)	
Total liabilities		(10,385,690)

Net Position of Governmental Activities \$95,032,189

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Revenues:</u>			
Property Taxes	\$1,832,153	\$0	\$0
Other Local Taxes	464,546	0	0
Sales Tax	12,122,636	0	0
Revenue in Lieu of Taxes	0	0	0
Charges for Services	2,693,845	226,482	55,747
Licenses and Permits	4,694	0	0
Fines and Forfeitures	183,671	0	7,171
Intergovernmental	2,373,611	8,204,974	4,455,812
Interest	5,471	0	1,541
Rent	2,170	0	0
Contributions and Donations	275	0	0
Miscellaneous	153,393	78,786	117,672
<i>Total Revenues</i>	<u>19,836,465</u>	<u>8,510,242</u>	<u>4,637,943</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	7,693,756	0	0
Judicial	2,361,733	0	0
Public Safety:			
Sheriff	4,084,090	0	0
Other	653,131	0	0
Public Works	0	0	4,751,759
Health	350,338	0	0
Human Services	384,256	8,400,146	0
Conservation and Recreation	256,650	0	0
Economic Development and Assistance	243,123	0	0
Transportation	0	0	0
Capital Outlay	1,156,022	0	0
Debt Service:			
Principal Retirement	128,226	52,928	0
Interest and Fiscal Charges	14,734	4,378	0
<i>Total Expenditures</i>	<u>17,326,059</u>	<u>8,457,452</u>	<u>4,751,759</u>
Excess of Revenues Over (Under) Expenditures	<u>2,510,406</u>	<u>52,790</u>	<u>(113,816)</u>
<u>Other Financing Sources (Uses):</u>			
Loan Proceeds	0	0	0
Inception of Capital Lease	7,812	0	0
Transfers In	0	222,091	0
Transfers Out	(1,415,510)	(137,220)	(216,650)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,407,698)</u>	<u>84,871</u>	<u>(216,650)</u>
<i>Net Change in Fund Balances</i>	1,102,708	137,661	(330,466)
<i>Fund Balances at Beginning of Year</i>	<u>9,259,679</u>	<u>1,222,458</u>	<u>2,822,827</u>
<i>Fund Balances at End of Year</i>	<u>\$10,362,387</u>	<u>\$1,360,119</u>	<u>\$2,492,361</u>

Board of Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$3,831,571	\$778,536	\$99,566	\$6,541,826
0	0	0	464,546
0	0	0	12,122,636
0	205	0	205
302,598	130,328	3,313,804	6,722,804
0	0	44,730	49,424
0	0	361,443	552,285
6,180,837	2,039,153	5,231,237	28,485,624
119	0	42	7,173
0	0	0	2,170
22,900	14,391	1,875	39,441
320,991	364	248,847	920,053
<u>10,659,016</u>	<u>2,962,977</u>	<u>9,301,544</u>	<u>55,908,187</u>
0	0	916,736	8,610,492
0	0	504,133	2,865,866
0	0	1,520,013	5,604,103
0	0	1,566,892	2,220,023
0	0	1,717,528	6,469,287
11,034,355	0	312,230	11,696,923
0	2,888,565	1,156,571	12,829,538
0	0	0	256,650
0	0	540,904	784,027
0	0	773,026	773,026
0	0	1,002,436	2,158,458
114,992	49,988	874,086	1,220,220
27,924	7,318	262,911	317,265
<u>11,177,271</u>	<u>2,945,871</u>	<u>11,147,466</u>	<u>55,805,878</u>
<u>(518,255)</u>	<u>17,106</u>	<u>(1,845,922)</u>	<u>102,309</u>
0	0	247,872	247,872
18,331	0	0	26,143
0	0	1,633,704	1,855,795
0	0	(56,415)	(1,825,795)
<u>18,331</u>	<u>0</u>	<u>1,825,161</u>	<u>304,015</u>
(499,924)	17,106	(20,761)	406,324
<u>2,167,499</u>	<u>1,381,294</u>	<u>9,261,285</u>	<u>26,115,042</u>
<u>\$1,667,575</u>	<u>\$1,398,400</u>	<u>\$9,240,524</u>	<u>\$26,521,366</u>

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

Net Change in Fund Balances - Total Governmental Funds		\$406,324
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital assets additions	5,339,276	
Construction in progress additions	67,682	
Depreciation expense	<u>(3,774,214)</u>	
Excess of capital outlay over depreciation expense		1,632,744
Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.		
Loss on disposal of capital assets		(405,796)
Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the funds. Deferred inflows of resources related to the following items changed by the amounts shown below:		
Delinquent property taxes	375,864	
Sales tax	31,766	
Intergovernmental	<u>1,302,984</u>	
Total revenues		1,710,614
The increase in the County's investment interest of its joint venture is not reported in the governmental fund statements but is included in program expenses in the Statement of Activities.		
		5,318
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.		
Proceeds of Loans		(247,872)
Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		
		(26,143)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows or a reduction in the net pension liability.		
		2,251,820
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		
		(1,929,613)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Loan principal payments	216,650	
Bond principal payments	655,000	
Capital lease payments	<u>355,356</u>	
Total long-term debt repayments		1,227,006
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences payable	(96,233)	
Decrease in accrued compensatory time payable	17,981	
Decrease in workers' compensation claims payable	<u>8,516</u>	
Total		(69,736)
Amortization of bond premiums as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.		
Increase in accrued interest	(3,488)	
Amortization of Deferred Charge on Refunding	(13,366)	
Amortization of premium on general obligation bonds	<u>285</u>	
Total		(16,569)
Change in Net Position of Governmental Activities		<u>\$4,538,097</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<i>Actual</i>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$1,730,000	\$1,730,000	\$1,834,145	\$104,145
Other Local Taxes	364,000	364,000	464,996	100,996
Sales Tax	10,600,000	11,000,000	12,107,485	1,107,485
Revenue in Lieu of Taxes	150	0	0	0
Charges for Services	2,012,700	2,012,700	2,005,830	(6,870)
Licenses and Permits	4,000	4,000	4,694	694
Fines and Forfeitures	158,000	158,000	183,538	25,538
Intergovernmental	1,894,000	1,894,150	2,370,782	476,632
Interest	7,500	7,500	14,151	6,651
Rent	2,000	2,000	2,170	170
Miscellaneous	19,500	19,500	48,632	29,132
<i>Total Revenues</i>	<u>16,791,850</u>	<u>17,191,850</u>	<u>19,036,423</u>	<u>1,844,573</u>
<u>Expenditures:</u>				
Current:				
General Government:				
Legislative and Executive	7,215,376	8,002,476	7,853,400	149,076
Judicial	1,947,806	2,126,355	2,073,170	53,185
Public Safety:				
Sheriff	3,906,972	4,250,315	4,220,715	29,600
Other	543,884	695,999	669,799	26,200
Public Works				0
Health	353,810	353,810	352,451	1,359
Human Services	446,522	446,960	410,426	36,534
Conservation and Recreation	184,178	218,335	215,014	3,321
Economic Development and Assistance	97,466	0	95,321	(95,321)
Capital Outlay	0	1,156,022	1,156,022	0
<i>Total Expenditures</i>	<u>14,696,014</u>	<u>17,250,272</u>	<u>17,046,318</u>	<u>203,954</u>
Excess of Revenues Over (Under) Expenditures	<u>2,095,836</u>	<u>(58,422)</u>	<u>1,990,105</u>	<u>2,048,527</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	16,979	16,979
Transfers Out	(1,512,329)	(1,689,649)	(1,667,698)	21,951
<i>Total Other Financing Sources (Uses)</i>	<u>(1,512,329)</u>	<u>(1,689,649)</u>	<u>(1,650,719)</u>	<u>38,930</u>
<i>Net Change in Fund Balance</i>	583,507	(1,748,071)	339,386	2,087,457
<i>Fund Balance at Beginning of Year</i>	5,162,449	5,162,449	5,162,449	0
<i>Prior Year Encumbrances Appropriated</i>	445,291	445,291	445,291	0
<i>Fund Balance at End of Year</i>	<u>\$6,191,247</u>	<u>\$3,859,669</u>	<u>\$5,947,126</u>	<u>\$2,087,457</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Special Revenue Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Charges for Services	\$266,175	\$230,295	\$226,574	(\$3,721)
Intergovernmental	8,518,903	7,839,285	7,839,285	0
Miscellaneous	73,825	58,785	78,786	20,001
<i>Total Revenues</i>	8,858,903	8,128,365	8,144,645	16,280
<u>Expenditures:</u>				
Current:				
Human Services	9,083,714	9,152,495	8,735,019	417,476
Excess of Revenues Under Expenditures	(224,811)	(1,024,130)	(590,374)	433,756
<u>Other Financing Sources (Uses):</u>				
Transfers In	242,332	238,370	222,091	(16,279)
Transfers Out	0	(137,220)	(137,220)	0
<i>Total Other Financing Sources (Uses)</i>	242,332	101,150	84,871	(16,279)
<i>Net Change in Fund Balance</i>	17,521	(922,980)	(505,503)	417,477
<i>Fund Balance at Beginning of Year</i>	1,120,968	1,120,968	1,120,968	0
<i>Prior Year Encumbrances Appropriated</i>	206,000	206,000	206,000	0
<i>Fund Balance at End of Year</i>	<u>\$1,344,489</u>	<u>\$403,988</u>	<u>\$821,465</u>	<u>\$417,477</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gas Tax Special Revenue Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for Services	\$0	\$5,913	\$58,997	\$53,084
Fines and Forfeitures	10,000	10,000	7,171	(2,829)
Intergovernmental	4,000,000	4,000,000	4,472,028	472,028
Interest	483	483	837	354
Miscellaneous	408,000	402,087	117,672	(284,415)
<i>Total Revenues</i>	4,418,483	4,418,483	4,656,705	238,222
<u>Expenditures:</u>				
Current:				
Public Works	5,418,483	5,723,911	4,931,887	792,024
Excess of Revenues Under Expenditures	(1,000,000)	(1,305,428)	(275,182)	1,030,246
<u>Other Financing Sources (Uses):</u>				
Advances Out	0	0	(15,000)	(15,000)
Transfers Out	0	(216,650)	(216,650)	0
<i>Total Other Financing Sources (Uses)</i>	0	(216,650)	(231,650)	(15,000)
<i>Net Change in Fund Balance</i>	(1,000,000)	(1,522,078)	(506,832)	1,015,246
<i>Fund Balance at Beginning of Year</i>	1,485,555	1,485,555	1,485,555	0
<i>Prior Year Encumbrances Appropriated</i>	305,428	305,428	305,428	0
<i>Fund Balance at End of Year</i>	\$790,983	\$268,905	\$1,284,151	\$1,015,246

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Special Revenue Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property Taxes	\$3,934,000	\$3,934,000	\$3,686,211	(\$247,789)
Charges for Services	260,500	260,500	300,967	40,467
Intergovernmental	5,289,366	4,913,155	5,129,193	216,038
Contributions and Donations	15,000	15,000	16,400	1,400
Miscellaneous	248,000	313,000	302,884	(10,116)
<i>Total Revenues</i>	9,746,866	9,435,655	9,435,655	0
<u>Expenditures:</u>				
Current:				
Health	10,464,641	10,537,002	10,059,156	477,846
Excess of Revenues Under Expenditures	(717,775)	(1,101,347)	(623,501)	477,846
<u>Other Financing Uses:</u>				
Transfers Out	0	(100,000)	(100,000)	0
<i>Net Change in Fund Balance</i>	(717,775)	(1,201,347)	(723,501)	477,846
<i>Fund Balance at Beginning of Year</i>	1,446,585	1,446,585	1,446,585	0
<i>Prior Year Encumbrances Appropriated</i>	72,361	72,361	72,361	0
<i>Fund Balance at End of Year</i>	<u>\$801,171</u>	<u>\$317,599</u>	<u>\$795,445</u>	<u>\$477,846</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Children Services Special Revenue Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$830,000	\$830,000	\$778,078	(\$51,922)
Revenue in Lieu of Taxes	180	180	205	25
Charges for Services	0	650	125,143	124,493
Intergovernmental	1,610,200	1,610,200	1,997,606	387,406
Contributions and Donations	4,621	4,621	14,391	9,770
Miscellaneous	11,650	11,000	388	(10,612)
<i>Total Revenues</i>	2,456,651	2,456,651	2,915,811	459,160
<u>Expenditures:</u>				
Current:				
Human Services	3,094,875	3,138,501	2,969,501	169,000
<i>Net Change in Fund Balance</i>	(638,224)	(681,850)	(53,690)	628,160
<i>Fund Balance at Beginning of Year</i>	1,131,117	1,131,117	1,131,117	0
<i>Prior Year Encumbrances Appropriated</i>	43,626	43,626	43,626	0
<i>Fund Balance at End of Year</i>	<u>\$536,519</u>	<u>\$492,893</u>	<u>\$1,121,053</u>	<u>\$628,160</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fund Net Position
Enterprise Fund
December 31, 2015

	<u>Sewer Fund</u>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$3,718,992
Cash and Cash Equivalents in Segregated Accounts	246,989
Materials and Supplies Inventory	10,763
Accounts Receivable	2,253,101
Prepaid Items	25,223
Loans Receivable	97,868
	<hr/>
<i>Total Current Assets</i>	6,352,936
	<hr/>
<u>Non Current Assets:</u>	
Nondepreciable Capital Assets	485,974
Depreciable Capital Assets, Net	50,950,265
	<hr/>
<i>Total Non Current Assets</i>	51,436,239
	<hr/>
<i>Total Assets</i>	57,789,175
	<hr/>
<u>Deferred Outflows of Resources</u>	
Deferred Charge on Refunding	22,629
Pension	119,666
	<hr/>
<i>Total Deferred Outflows of Resources</i>	142,295
	<hr/>
<u>Current Liabilities:</u>	
Accounts Payable	69,494
Contracts Payable	10,071
Retainage Payable	350,000
Accrued Wages Payable	11,768
Due to Other Governments	64,756
Accrued Interest Payable	99,165
General Obligation Bonds Payable	250,938
Farmer's Home Administration Bonds Payable	76,177
Ohio Public Works Commission Loans Payable	53,254
Ohio Water Development Authority Loans Payable	102,410
United States Department of Agriculture Loan Payable	21,500
Compensatory Time Payable	16,787
Compensated Absences Payable	46,408
	<hr/>
<i>Total Current Liabilities</i>	1,172,728
	<hr/>
<u>Long-Term Liabilities (Net of Current Portion):</u>	
General Obligation Bonds Payable	2,123,913
Farmer's Home Administration Bonds Payable	2,478,637
Ohio Public Works Commission Loans Payable	1,101,476
Ohio Water Development Authority Loans Payable	1,638,565
United States Department of Agriculture Loan Payable	16,217,100
Compensated Absences Payable	40,582
Net Pension Liability	750,188
	<hr/>
<i>Total Long-Term Liabilities</i>	24,350,461
	<hr/>
<i>Total Liabilities</i>	25,523,189
	<hr/>
<u>Deferred Inflows of Resources:</u>	
Pension	12,977
	<hr/>
<u>Net Position:</u>	
Net Investment in Capital Assets	27,137,690
Unrestricted	5,257,614
	<hr/>
<i>Total Net Position</i>	\$32,395,304
	<hr/>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenses
and Changes in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2015

	<u>Sewer Fund</u>
<u>Operating Revenues:</u>	
Charges for Services	<u>\$3,695,576</u>
<u>Operating Expenses:</u>	
Personal Services	551,492
Fringe Benefits	325,582
Depreciation	608,995
Other	<u>2,194</u>
<i>Total Operating Expenses</i>	<u>1,488,263</u>
Operating Income	<u>2,207,313</u>
<u>Non-Operating Revenues (Expenses):</u>	
Interest and Fiscal Charges	(379,766)
Other Non-Operating Revenues	37,941
Loss on Sale of Capital Assets	<u>(10,000)</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(351,825)</u>
Income Before Transfers Out and Capital Grants	1,855,488
Transfers Out	(30,000)
Capital Grants	<u>215,702</u>
<i>Net Income</i>	2,041,190
<i>Net Position at Beginning of Year - Restated (see Note 3)</i>	<u>30,354,114</u>
<i>Net Position at End of Year</i>	<u><u>\$32,395,304</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2015

	<i>Sewer Fund</i>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$3,693,684
Cash Payments to Suppliers for Goods and Services	180,806
Cash Payments to Employees for Services	(765,866)
Cash Payments for Employee Benefits	(455,368)
Cash Payments for Other Operating Expenses	(2,194)
	2,651,062
<i>Net Cash Provided by Operating Activities</i>	2,651,062
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds of Loans	9,843,420
Capital Grants Received	3,515,244
Aquisition of Capital Assets	(13,000,790)
Principal Paid on Bonds and Loans	(478,875)
Interest Paid on Bonds and Loans	(374,003)
Other Non-Operating Revenues	38,356
	(456,648)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(456,648)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers Out	(30,000)
	(30,000)
<i>Net Increase in Cash and Cash Equivalents</i>	2,164,414
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,801,567
<i>Cash and Cash Equivalents at End of Year</i>	\$3,965,981
<u>Reconciliation of Operating Income to Net</u>	
<u>Cash Provided by Operating Activities:</u>	
Operating Income	\$2,207,313
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>	
Depreciation	608,995
Capitalized Interest Recorded on a GAAP Basis	
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(4,262)
Increase in Accounts Receivable	(1,892)
Decrease in Prepaid Items	7,234
Increase in Deferred Outflows of Resources - Pension	(40,932)
Decrease in Accounts Payable	(198,107)
Increase in Accrued Wages and Benefits	4,051
Increase in Due to Other Governments	22,741
Decrease in Due to Other Funds	(3,250)
Decrease in Compensatory Time Payable	(787)
Increase in Compensated Absences Payable	8,769
Increase in Net Pension Liability	28,212
Increase in Deferred Inflows of Resources - Pension	12,977
	443,749
<i>Total Adjustments</i>	443,749
<i>Net Cash Provided by Operating Activities</i>	\$2,651,062

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2015

Assets:

Equity in Pooled Cash and Cash Equivalents	\$5,415,366
Cash and Cash Equivalents in Segregated Accounts	736,339
Receivables:	
Property Taxes	47,445,140
Accounts	505,630
Revenue in Lieu of Taxes	160,200
Due from Other Governments	2,705,827
	<hr/>
<i>Total Assets</i>	<u><u>\$56,968,502</u></u>

Liabilities:

Due to Other Governments	\$50,831,797
Undistributed Monies	6,136,705
	<hr/>
<i>Total Liabilities</i>	<u><u>\$56,968,502</u></u>

See Accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

SCIOTO COUNTY

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

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Scioto County, Ohio (the County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge.

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

REPORTING ENTITY

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 Scioto County, this includes the Children Services Board, the Scioto County Board of Developmental Disabilities, and all departments and activities that are directly operated by the elected County officials.

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 on the County in that the County approves the organization's budget, the issuance of its debt or the levying of its taxes. The County has two component units included in its reporting entity.

DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the entity-wide financial statements identify the financial data of the County's discretely presented component units, STAR, Inc. and the Scioto County Airport Authority. They are reported separately to emphasize that they are legally separate from the County.

STAR, Inc.

STAR, Inc. is a non-profit organization which operates as a workshop under contractual agreement with the Scioto County Board of Developmental Disabilities that provides sheltered employment for mentally and/or physically handicapped adults in Scioto County.

The Scioto County Board of Developmental Disabilities provides 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 Scioto County, the workshop is presented as a component unit of Scioto County. STAR, Inc. operates on a calendar year ending December 31. Separately issued financial statements can be obtained from STAR, Inc., located at 2625 Gallia Street, Portsmouth, Ohio 45662.

SCIOTO COUNTY

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

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Scioto County Airport Authority

The Scioto County Airport Authority operates under a separate board that consists of five members appointed by the County Commissioners. The airport authority generates revenue from sales of fuel and the leasing of equipment and rental space. Grants are applied for in the airport authority's name. The County provides payroll, fringe benefits, some utilities, and contract services. Financial statements are issued as part of the Scioto County report and are not obtainable separately.

The information presented in Notes 2 through 25 relates to the primary government. Information related to the discretely presented component units is presented in Note 26.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activities of the following districts and agencies are presented as agency funds within the County's financial statements.

*Scioto County Board of Health
Soil and Water Conservation District
STAR Community Justice Center*

The County is associated with certain organizations which are defined as jointly governed organizations, a joint venture, a risk sharing pool, and a related organization. These organizations are presented in Notes 18, 19, and 20 to the basic financial statements. These organizations are:

*Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
Ohio Valley Resource Conservation and Development Area, Inc.
Workforce Investment Board
Ohio Valley Regional Development Commission
Scioto County Community Action Organization
Southern Ohio Development Initiative
Portsmouth Metropolitan Housing Authority
Southern Ohio Council of Governments
Joint Solid Waste District
County Risk Sharing Authority, Inc. (CORSA)
Southern Ohio Port Authority*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Scioto County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

BASIS OF PRESENTATION

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the County.

FUND FINANCIAL STATEMENTS

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

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

General Fund – To account for and report 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.

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Assistance Fund – To account for and report various federal and State resources which are restricted for the purpose of providing public assistance to general relief recipients, paying their providers for medical assistance, and for providing certain public social services.

Motor Vehicle Gas Tax Fund – To account for and report revenues derived from motor vehicle licenses and gasoline taxes. Ohio State law restricts these monies to be used for County road and bridge repairs and improvement programs. This fund also accounts for the financial activities of the Scioto County Engineering Department.

Board of Developmental Disabilities Fund – To account for and report monies received through a County-wide property tax levy, along with federal and State grants, which are restricted to the operation of a school and assistance to a workshop for the developmentally disabled.

Children Services Fund – To account for and report monies received from federal and State grants, the Social Security Administration, and various other resources restricted to the support of foster homes, medical treatment, school supplies, counseling, and parental assistance.

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

PROPRIETARY FUNDS

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The County's proprietary fund is an enterprise fund.

Enterprise Fund – An enterprise fund may be used to account for and report any activity for which a fee is charged to external users for goods or services. The following is the County's only enterprise fund:

Sewer Fund – To account for and report the provision of sanitary sewer services to the residents and businesses of 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. The three types of trust funds should be used to report resources held and administered by the County when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection and distribution to other governments of various taxes, receipts and fees and to account for funds of various agencies for which the County serves as fiscal agent.

MEASUREMENT FOCUS

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total Net Position.

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total Net Position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within 60 days of year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: permissive sales tax, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), federal and State subsidies and grants, interest, and accounts (i.e., charges for services and licenses and permits).

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned revenue represents amounts under accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources include a deferred charge on refunding and pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, payment in lieu of taxes, pension, and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes sales tax, delinquent property taxes, accounts receivable, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

PENSIONS

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

EXPENSES/EXPENDITURES

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

SCIOTO COUNTY

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the object level within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners. The County reports unbudgeted activity on the financial statements due to the County's unclaimed monies fund being classified as an agency fund on the County's books, but which is included with the General Fund for GAAP reporting purposes.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Commissioners. 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 final budgeted amounts represent estimates from the amended certificate passed by the County Commissioners before year-end.

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

CASH AND CASH EQUIVALENTS

Cash balances of the County's funds, except cash in segregated accounts, are pooled in order to provide improved cash management. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

"Restricted Assets: Equity in Pooled Cash and Cash Equivalents" on the balance sheet represents unclaimed monies held by the County to be reclaimed by its rightful owners.

During the year, the County's investments were limited to STAROhio, United States Money Market account, and Negotiable Certificates of Deposit.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2015. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share which is the price the investment could be sold for at December 31, 2015.

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2015 amounted to \$5,471, of which \$2,862 was assigned from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents.

MATERIALS AND SUPPLIES INVENTORY

Materials and supplies inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Materials and supplies inventory consists of expendable supplies held for consumption.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INTERFUND BALANCES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable" and "Interfund Payable". Interfund balances are eliminated on the government-wide Statement of Net Position.

CAPITAL ASSETS

General capital assets are capital assets that are associated with and generally arise from governmental activities. These assets generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets used by the proprietary fund are reported in both the business-type activities column of the government-wide Statement of Net Position and in the fund.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The County maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	10-20 years
Buildings and Building Improvements	7-50 years
Furniture, Fixtures, and Equipment	5-30 years
Vehicles	8 years
Infrastructure	5-65 years

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County's governmental infrastructure system consists of roads and bridges which includes box culverts and concrete pipes. The business-type infrastructure system is the sewer system, consisting of sewer lines, pump stations, and relay stations.

CAPITALIZATION OF INTEREST

It is the County's policy to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2015, interest expense in the amount of \$183,564 was capitalized relating to the Minford Sewer Project.

COMPENSATED ABSENCES

Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. A liability is accrued for all full-time employees based on their sick leave balance at year-end.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liability that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans, bonds, capital leases, and the Ohio Bureau of Workers' Compensation Retrospective Rating Program claims that will be paid from governmental funds are recognized as liabilities on the fund financial statements when due.

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:

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The nonspendable fund balances for the County include prepaids, materials and supplies inventory, and unclaimed monies.

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes through enabling legislation. 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 or enabling legislation.

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

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

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. State statute authorizes the County Auditor to assign fund balance for purchases on order provided amounts have been lawfully appropriated.

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

The County applies restricted resources first when expenditures are incurred for purposes for which 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.

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unclaimed monies held to be reclaimed by its rightful owners.

BOND PREMIUM

On the government-wide financial statements and in the enterprise funds, bond premiums are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums are presented as additions to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

DEFERRED CHARGE ON REFUNDING

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflow of resources on the Statement of Net Position.

INTERNAL ACTIVITY

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

ESTIMATES

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

NET POSITION

Net position represents the difference between all other elements in the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

SCIOTO COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position is reported as restricted when there are limitations imposed on their use either through restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for real estate assessments, GIS mapping, and delinquent tax collections.

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

INVESTMENT IN JOINT VENTURE

The County’s Investment in Joint Venture relates to the County’s equity interest in the Joint Solid Waste District (see Note 18). The County’s share in year-end net position is included on the Statement of Net Position as an Investment in Joint Venture.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the County, these revenues are charges for services for sewer utility charges. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

NOTE 3 – RESTATEMENTS

CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION

For 2015, the County implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources, and expense/expenditure. In 2014, an Ohio Public Works Commission Loan was not recorded; therefore, in 2015 there was a restatement. The implementation of this pronouncement along with the correction of an error had the following effect on net position as reported December 31, 2014:

	Governmental	Business-Type
Net Position December 31, 2014	\$107,462,912	\$31,266,078
Adjustments:		
Net Pension Liability	(18,913,634)	(721,976)
Deferred Outflow - Payments Subsequent to Measurement Date	1,944,814	78,734
2014 Ohio Public Works Commission Loan previously unrecorded	0	(268,722)
Restated Net Position December 31, 2014	\$90,494,092	\$30,354,114

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

SCIOTO COUNTY

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) is presented for the General Fund and the Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Major Special Revenue Funds to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Investments are recorded at fair value (GAAP basis) rather than cost (budgetary basis).
6. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
7. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and all major special revenue funds are as follows:

	Net Change in Fund Balance				
	General	Public Assistance	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Children Services
GAAP Basis	\$1,102,708	\$137,661	(\$330,466)	(\$499,924)	\$17,106
Increases (Decreases) Due to:					
Revenue Accruals	1,012,658	(350,583)	19,466	(41,071)	(1,262)
Expenditure Accruals	(82,920)	117,416	229,425	334,455	51,857
Encumbrances	(488,406)	(394,983)	(409,553)	(62,850)	(75,487)
Unrecorded Cash - 2014	(462,352)	(5,735)	0	(105,710)	(22,723)
Unrecorded Cash - 2015	(360,246)	(9,279)	(704)	(251,129)	(23,181)
Increase in Fair Value of Investments - 2015	24,693	0	0	0	0
Transfers	(235,209)	0	0	(100,000)	0
Advances	0	0	(15,000)	0	0
Perspective Differences	(171,540)	0	0	2,728	0
Budget Basis	<u>\$339,386</u>	<u>(\$505,503)</u>	<u>(\$506,832)</u>	<u>(\$723,501)</u>	<u>(\$53,690)</u>

SCIOTO COUNTY

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury, or any other obligation guaranteed as to principal or 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;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (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 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;
 - 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

SCIOTO COUNTY

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

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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.

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

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

INVESTMENTS

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>		<u>Moody's Rating</u>	<u>Percentage of Total Investments</u>
		<u>Less Than 1</u>	<u>1-5</u>		
STAROhio	\$89,816	\$89,816	\$0	N/A	N/A
US Money Market	18,590	18,590	0	N/A	N/A
Negotiable Certificates of Deposit	2,475,307	488,403	1,986,904	N/A	95.80%
Total	\$2,583,713	\$596,809	\$1,986,904		

Interest Rate Risk – As a means of limiting its exposure to fair value losses caused by rising interest rates, the County’s investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. Diversification by maturity will ensure the County can meet the projected cash flow as needed. The County Treasurer shall be responsible for meeting the anticipated cash flow needs for the County.

Credit Risk – STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The County’s investment policy places no limit on the amount it may invest in any one issuer.

NOTE 6 - PROPERTY TAXES

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

2015 real property taxes were 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.

SCIOTO COUNTY

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

NOTE 6 - PROPERTY TAXES (Continued)

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 which became a lien December 31, 2014, 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 \$8.98 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property:	
Residential/Agricultural	\$756,423,330
Commercial/Industrial/Public Utility	146,211,710
Public Utility Real	15,991,540
Public Utility Personal	91,005,780
Total Assessed Value	<u>\$1,009,632,360</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2015, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources – property taxes. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 - PERMISSIVE SALES TAX

In accordance with Sections 5739.021 and 5741.021 of the Revised Code, 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 Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner’s certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2015.

SCIOTO COUNTY

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2015, consisted of taxes, accounts (billings for user charged services), interest, interfund activity, revenue in lieu of taxes, revenue due from other governments arising from grants and shared revenues, and loans. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, and loans. Sewer charges receivable, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2015, was \$145,679, of which \$9,876 is considered to be due within one year. The County also had a loan receivable associated with an Ohio Public Works Commission highway improvement project. The amount of the loan was \$247,872.

A summary of the principal amounts due from other governments is as follows:

	Amount
<u>Governmental Activities Intergovernmental Receivables</u>	
Board of DD contract services and subsidies	\$188,424
Board of DD program reimbursements	429,542
Board of DD State Foundation	726,336
Bridges to Transition Grant	37,759
Casino Revenues	462,357
Community Development Block Grant	168,000
Community Housing Improvement Grant	290,746
Human Services Grants / Reimbursements	378,931
Cents Per Gallon	373,601
Child Support Poundage	17,600
Children Services Grants / Reimbursements	572,417
Community Correction Grants	137,948
Emergency Management Performance Grant	42,853
Felony Delinquent Care and Custody Grant	182,786
Gas Tax	759,823
Homestead / Rollback	537,103
Indigent Defense	62,848
Juvenile Drug Court Grant	81,404
Law Library Fines and Costs	1,249
Local Government	282,738
MVL Tax	1,125,060
Ohio Public Works Commission - Highway Improvement Grant	968,270
Prisioner Housing	43,502
Probation Improvement Incentive Grant	333,038
Rural Transit Program Grant	98,575
Regional Infant Hearing Grant	57,292
Sheriff Rotary Patrols	100,843
Title XX Grant	65,319
Victims of Crime Grant	69,628
Total Intergovernmental Receivables	\$8,595,992

SCIOTO COUNTY

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

NOTE 9 - CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended December 31, 2015, was as follows:

	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$1,573,594	\$200,000	\$0	\$1,773,594
Construction in Progress	0	67,682	0	67,682
Total Capital Assets, Not Being Depreciated	<u>1,573,594</u>	<u>267,682</u>	<u>0</u>	<u>1,841,276</u>
Depreciable Capital Assets:				
Land Improvements	3,270,869	41,400	0	3,312,269
Buildings and Building Improvements	47,581,376	988,095	0	48,569,471
Furniture, Fixtures, and Equipment	6,730,036	1,097,106	(454,414)	7,372,728
Vehicles	4,493,379	138,302	(179,083)	4,452,598
Infrastructure	77,293,379	2,874,373	(439,125)	79,728,627
Total Depreciable Capital Assets	<u>139,369,039</u>	<u>5,139,276</u>	<u>(1,072,622)</u>	<u>143,435,693</u>
Less Accumulated Depreciation:				
Land Improvements	(411,198)	(161,363)	0	(572,561)
Buildings and Building Improvements	(16,624,776)	(930,543)	0	(17,555,319)
Furniture, Fixtures, and Equipment	(5,207,382)	(353,293)	385,576	(5,175,099)
Vehicles	(3,083,625)	(280,359)	169,524	(3,194,460)
Infrastructure	(28,824,544)	(2,048,656)	111,726	(30,761,474)
Total Accumulated Depreciation	<u>(54,151,525)</u>	<u>(3,774,214) *</u>	<u>666,826</u>	<u>(57,258,913)</u>
Depreciable Capital Assets, Net	<u>85,217,514</u>	<u>1,365,062</u>	<u>(405,796)</u>	<u>86,176,780</u>
Governmental Activities				
Capital Assets, Net	<u>\$86,791,108</u>	<u>\$1,632,744</u>	<u>(\$405,796)</u>	<u>\$88,018,056</u>

*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$145,686
Judicial	74,559
Public Safety:	
Sheriff	434,583
Other	207,351
Public Works	2,313,576
Health	196,963
Human Services	77,147
Conservation and Recreation	246,148
Transportation	78,201
Total Depreciation Expense	<u>\$3,774,214</u>

SCIOTO COUNTY

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

NOTE 9 - CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities for the year ended December 31, 2015, was as follows:

	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$487,999	\$7,975	(\$10,000)	\$485,974
Construction in Progress	19,350,369	9,327,090	(28,677,459)	0
Total Capital Assets, Not Being Depreciated	19,838,368	9,335,065	(28,687,459)	485,974
Depreciable Capital Assets:				
Land Improvements	7,393	16,500	0	23,893
Buildings and Building Improvements	7,246,482	16,600	0	7,263,082
Furniture, Fixtures, and Equipment	768,513	343,744	(8,510)	1,103,747
Vehicles	282,349	49,633	(31,485)	300,497
Infrastructure	21,771,414	29,691,302	0	51,462,716
Total Depreciable Capital Assets	30,076,151	30,117,779	(39,995)	60,153,935
Less Accumulated Depreciation:				
Land Improvements	(1,279)	(748)	0	(2,027)
Buildings and Building Improvements	(3,250,837)	(145,013)	0	(3,395,850)
Furniture, Fixtures, and Equipment	(709,252)	(19,921)	8,510	(720,663)
Vehicles	(254,096)	(14,802)	31,485	(237,413)
Infrastructure	(4,419,206)	(428,511)	0	(4,847,717)
Total Accumulated Depreciation	(8,634,670)	(608,995)	39,995	(9,203,670)
Depreciable Capital Assets, Net	21,441,481	29,508,784	0	50,950,265
Business-Type Activities Capital Assets, Net	\$41,279,849	\$38,843,849	(\$28,687,459)	\$51,436,239

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage with the County Risk Sharing Authority, Inc. (CORSA) (See Note 19) for liability, property, auto, and crime insurance. The County also carries public officials liability insurance through various insurance agencies. Settlements have not exceeded coverage in any of the last three years. There has not been a significant change in coverage from the prior year.

The County participated in the Ohio Bureau of Workers' Compensation (the "Bureau") Individual Retrospective Rating Program until December 31, 2014. Under the individual retrospective rating program, the County assumes a portion of the risk in return for a reduction in current premiums. This program involves the payment of a minimum premium for administrative services and stop-loss coverage in addition to the actual claim costs for employees injured in the years in which the County participated in the program. The County began participating in the Group Retrospective Rating Program beginning January 1, 2015.

The County provides health, dental and vision insurance for its employees through the County Employee Benefits Consortium of Ohio (CEBCO). This is a fully funded insurance program and is not considered limited risk health insurance.

SCIOTO COUNTY

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

NOTE 10 - RISK MANAGEMENT (Continued)

The amounts reported in the government-wide financial statements at December 31, 2015, are based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,” as amended by GASB Statement No. 30, “Risk Management Omnibus,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the Workers’ Compensation Retrospective Rating Program for the current year is as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2014	\$146,909	\$109,333	\$69,797	\$186,445
2015	186,445	45,379	53,895	177,929

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The 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.

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.

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

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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):

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

** This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate, which is set by OPERS' Board with no statutory maximum rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$2,288,853 for 2015. Of this amount, \$56,340 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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.

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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five 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.

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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. Through June 30, 2015, the employer rate was 14 percent and the member rate was 12 percent of covered payroll. The statutory employer rate for fiscal year 2016 and subsequent years is 14 percent. The statutory member contribution rate increased to 13 percent on July 1, 2015, and will increase to 14 percent on July 1, 2016. The 2015 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$85,682 for 2015. Of this amount \$1,433 is reported as an intergovernmental payable.

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

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

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.15310760%	0.00652135%	0.15962895%
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.15310760%</u>	<u>0.00591745%</u>	<u>0.15902505%</u>
Change in Proportionate Share	<u>0.00000000%</u>	<u>-0.00060390%</u>	<u>-0.00060390%</u>
Proportionate Share of the Net			
Pension Liability	\$18,466,488	\$1,635,410	\$20,101,898
Pension Expense	\$2,012,748	(\$2,625)	\$2,010,123

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$985,316	\$74,554	\$1,059,870
County contributions subsequent to the measurement date	<u>2,288,853</u>	<u>43,220</u>	<u>2,332,073</u>
Total Deferred Outflows of Resources	<u>\$3,274,169</u>	<u>\$117,774</u>	<u>\$3,391,943</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$324,420	\$117,617	\$442,037
Change in proportionate share	<u>0</u>	<u>138,120</u>	<u>138,120</u>
Total Deferred Inflows of Resources	<u>\$324,420</u>	<u>\$255,737</u>	<u>\$580,157</u>

\$2,332,073 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:			
2016	\$96,641	(\$61,072)	\$35,569
2017	96,641	(61,072)	35,569
2018	221,286	(61,072)	160,214
2019	<u>246,328</u>	<u>2,033</u>	<u>248,361</u>
Total	<u>\$660,896</u>	<u>(\$181,183)</u>	<u>\$479,713</u>

Actuarial Assumptions - OPERS

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

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:

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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	\$33,973,045	\$18,466,488	\$5,406,229

Actuarial Assumptions - STRS

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

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
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 commences 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 no set back from age 90 and above.

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

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

SCIOTO COUNTY

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	10 Year Expected Nominal 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 %	

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$2,271,708	\$1,635,410	\$1,097,325

SCIOTO COUNTY

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

NOTE 12 - POSTEMPLOYMENT 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.

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.

SCIOTO COUNTY

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

(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

The County's contribution allocated to fund postemployment healthcare benefits for the years ended December 31, 2015, 2014, and 2013 was \$446,255, \$422,744, and \$211,288, respectively. For 2015, 89.61 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal years ended June 30, 2014 and 2013, one percent of covered payroll was allocated to post-employment health care. The County's contributions for health care for the fiscal years ended December 31, 2015, 2014 and 2013 were \$0, \$3,281 and \$6,886, respectively. The full amount has been contributed for 2015, 2014 and 2013.

NOTE 13 - OTHER EMPLOYEE BENEFITS

DEFERRED COMPENSATION

County employees and elected officials may participate in one of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio and one by the County Commissioners Association of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

COMPENSATED ABSENCES

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Accumulated, unused sick leave is paid up to a maximum number of hours, depending on length of service and departmental policy, to employees who retire.

The employees in the Department of Children Services receive three days of personal leave with eight hours effective on July 1, November 1, and March 1. They must use the leave by June 30 or forfeit it.

INSURANCE BENEFITS

Employee health and dental insurance coverage was provided by the County Employee Benefits Consortium of Ohio (CEBCO) for the year. Also, vision insurance and life insurance were provided by Anthem Vision Service Plan and Anthem Life, respectively.

SCIOTO COUNTY

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

NOTE 13 - OTHER EMPLOYEE BENEFITS (Continued)

Health insurance for employees of the Board of Developmental Disabilities was provided by United Healthcare. Employee dental insurance for employees of the Board of Developmental Disabilities was provided by Delta Dental. Vision insurance and life insurance were provided by Vision Service Plan of Ohio and Assurant Employee Benefits, respectively.

Health, dental, and vision insurance for employees of the Sanitary Engineer was provided by the Michigan Conference of Teamsters Welfare Fund. Life insurance was provided by Anthem Life.

NOTE 14 - LEASES – LESSEE DISCLOSURE

During 2015 and in prior years, the County entered into capitalized leases for energy-saving renovations to certain buildings and for furniture, fixtures, and equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

In 2006, the County entered into lease-purchase agreements for energy-saving renovations to the facilities of the Board of Developmental Disabilities, the facilities of the Department of Job and Family Services and the Courthouse. In 2007, the County entered into a lease-purchase agreement for energy-saving renovations to the Children Services facilities. The County is leasing the projects from Citimortgage, Inc. Citimortgage, Inc. deposited monies with UMB Bank, who serves as the fiscal agent for the monies. The County utilized the monies held by UMB Bank for the renovations. In turn, the County will make semi-annual lease payments to UMB Bank. The projects for the facilities of the Department of Job and Family Services and the Courthouse, which were included in one lease agreement, were completed in 2007. The projects for the facilities of the Board of Developmental Disabilities and for Children Services were completed in 2008. Monies remaining in the escrow accounts relating to the projects for the Board of Developmental Disabilities and Children Services are interest earnings earned on the balance of the accounts during the completion of the projects. These monies were returned to the County in 2010 and used to pay debt service on the leases. Capital assets acquired under the lease-purchase agreement were capitalized as buildings and improvements in the Statement of Net Position for governmental activities. The lease for the facilities of the Department of Job and Family Services and the Courthouse will expire in 2016. The lease for the facilities of the Board of Developmental Disabilities will expire in 2017. The lease for the Children Services facilities will expire in 2018.

General capital assets consisting of buildings and improvements, vehicles, and furniture, fixtures, and equipment have been capitalized in the amount of \$3,021,831. A corresponding liability was recorded on the Statement of Net Position for governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments, along with the early cancelation of a lease in 2015 totaled \$355,356 in the governmental funds.

The assets acquired through capital leases as of December 31, 2015, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Buildings and Improvements	\$2,850,818	\$613,565	\$2,237,253
Furniture, Fixtures, and Equipment	171,013	89,796	81,217
Total	\$3,021,831	\$703,361	\$2,318,470

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

SCIOTO COUNTY

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

NOTE 14 - LEASES – LESSEE DISCLOSURE (Continued)

Year Ending December 31,	Amount
2016	\$380,877
2017	213,380
2018	63,499
2019	30,930
2020	24,018
2021-2025	108,000
2026-2028	61,200
Total	881,904
Less: Amount Representing Interest	(144,823)
Present Value of Net Minimum Lease Payments	\$737,081

The County leases vehicles and furniture, fixtures, and equipment under noncancelable operating leases. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments in 2015 were \$9,709, which were paid from the General Fund, Drug Enforcement Prosecutor Special Revenue Fund, Dretac Prosecutor Special Revenue Fund, and Public Assistance Special Revenue Fund.

The following is a schedule of the future minimum operating lease payments:

Year Ending December 31,	Amount
2016	\$9,312
2017	4,937
2018	4,937
Total	\$19,186

NOTE 15 - LONG-TERM OBLIGATIONS

BUSINESS-TYPE ACTIVITY

General Obligation Bonds

The County has issued General Obligation Bonds supported by Sewer Fund revenues. The proceeds of the bonds were used to fund various improvement projects in the County’s sewer system and to refund bonds previously issued for the same purpose.

The entire amount of the refunded bonds was repaid, leaving no balance still outstanding on the original debt.

Farmer’s Home Administration (FHA) Bonds

The Farmer’s Home Administration (FHA) General Obligation Bonds were issued for the purpose of replacing sewer lines. The bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 40 year serial bonds paid with revenues from the operation of the sewer system.

SCIOTO COUNTY

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Ohio Public Works Commission (OPWC) Loans

The OPWC loans consist of money owed to the Ohio Public Works Commission for various sewer line and pump station renovation projects. These consist of 20 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund. The future debt service requirements for the Eden Park Extension loan is not presented in 2015 because the schedule is not available.

Ohio Water Development Authority (OWDA) Loans

The OWDA loans consist of money owed to the Ohio Water Development Authority for various sewer line and pump station renovation projects. These consists of a 9 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund.

United States Department of Agriculture (USDA) Loans

The USDA loan consists of money owed to the United States Department of Agriculture for the Eden Park Sewer extension and Minford Sewer System projects. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loan will be repaid from the Sewer Fund. The future debt service requirements for the Minford Sewer System project loan is not presented in 2015 because the schedule is not available.

Compensated absences will be paid from the Sewer Enterprise Fund. The County pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability see note 11.

The change in the County's Business-Type Activity's long-term obligations during the year consisted of the following:

SCIOTO COUNTY

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

	Restated Principal Outstanding at 12/31/2014	Additions	Deletions	Principal Outstanding at 12/31/2015	Due Within One Year
<i>Business-Type Activity</i>					
<i>General Obligation Bonds</i>					
Franklin Furnace Sewer Improvement					
Bonds 1997 4.50% - \$846,000	\$650,434	\$0	\$16,705	\$633,729	\$17,457
West Portsmouth Sewer System					
Refunding Bonds 1999 4.50% - \$2,880,000	625,000	0	200,000	425,000	210,000
Wheelersburg Wastewater Treatment					
Plant Bonds 2004 4.50% - \$1,200,000	1,044,820	0	18,200	1,026,620	19,010
Rigrish Sewer Bonds					
2006 4.50% - \$322,000	293,780	0	4,278	289,502	4,471
Total Enterprise General Obligation Bonds	2,614,034	0	239,183	2,374,851	250,938
<i>Farmer's Home Administration (FHA) Bonds</i>					
FHA Bonds - West Portsmouth					
Improvement 1993 5.00% - \$825,000	580,900	0	19,000	561,900	20,000
FHA Bonds - Lucasville Phase II					
1995 4.50% - \$650,000	473,500	0	14,010	459,490	14,650
FHA Bonds - Lucasville Phase III					
1996 3.86% - \$842,500	631,108	0	17,384	613,724	18,167
FHA Bonds - West Portsmouth					
Phase VII 1999 4.50% - \$825,000	664,810	0	14,920	649,890	15,590
FHA Bonds - Lucasville Phase IV					
2001 4.75% - \$347,940	277,220	0	7,410	269,810	7,770
Total FHA Bonds	2,627,538	0	72,724	2,554,814	76,177
<i>OPWC Loans</i>					
2002 OPWC Wheelersburg					
Pump Station Renovations 0% - \$162,352	64,936	0	8,118	56,818	8,118
2004 OPWC Sanitary Sewer					
System Renovations 0% - \$162,100	81,040	0	8,106	72,934	8,106
2006 OPWC Wheelersburg and West Portsmouth					
Pump Station 0% - \$235,543	147,208	0	11,778	135,430	11,778
2006 OPWC Sciotoville Area					
Sanitary Sewer Extensions 0% - \$9,482	5,927	0	474	5,453	474
2008 OPWC Pump Station					
Renovations 0% - \$201,860	146,349	0	10,093	136,256	10,093
2009 OPWC Sanitary Sewer					
Improvements 0% - \$165,000	127,875	0	8,250	119,625	8,250
2012 OPWC Sanitary Sewer Improvements					
UV Project 0% - \$181,000	128,710	0	3,218	125,492	6,435
2014 OPWC Sanitary Sewer					
Eden Park Extension	268,722	234,000	0	502,722	0
Total OPWC Loans	\$970,767	\$234,000	\$50,037	\$1,154,730	\$53,254

(Continued)

SCIOTO COUNTY

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

	Restated Principal Outstanding at 12/31/2014	Additions	Deletions	Principal Outstanding at 12/31/2015	Due Within One Year
<u>OWDA and USDA Loans</u>					
Wastewater Treatment and Collection System for South Webster 2003 0%	\$1,843,385	\$0	\$102,410	\$1,740,975	\$102,410
Eden Park Extension USDA Loan 4.5%	1,341,121	0	14,521	1,326,600	21,500
Minford Sewer System Project USDA Loan 4.5%	5,302,580	9,609,420	0	14,912,000	0
Total OWDA and USDA Loans	8,487,086	9,609,420	116,931	17,979,575	123,910
<u>Other Long-Term Obligations</u>					
Compensated Absences	78,221	28,196	19,427	86,990	46,408
Net Pension Liability - OPERS	721,976	28,212	0	750,188	0
Total Other Long-Term Obligations	800,197	56,408	19,427	837,178	46,408
Total Business-Type Activities	\$15,499,622	\$9,899,828	\$498,302	\$24,901,148	\$550,687

The following is a summary of the County's future annual debt service requirements for Business-Type Activity long-term debt:

	General Obligation Bonds		FHA Bonds		OPWC Loans	OWDA Loans	USDA Loans		Totals	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest	Principal	Interest	
	2016	\$250,938	\$107,966	\$76,177	\$118,451	\$53,254	\$102,410	\$21,500	\$36,420	\$504,279
2017	257,784	96,114	79,624	114,903	53,254	102,410	22,000	35,873	515,072	246,890
2018	44,715	83,976	83,368	111,195	53,254	102,410	22,600	35,312	306,347	230,483
2019	46,713	81,964	87,361	107,312	53,254	102,411	23,200	34,732	312,939	224,008
2020	48,829	79,895	91,374	103,243	53,254	102,411	23,800	34,138	319,668	217,276
2021-2025	279,121	364,337	524,651	448,263	233,782	512,051	128,400	161,113	1,678,005	973,713
2026-2030	347,820	295,619	658,960	314,034	122,994	512,051	146,400	143,364	1,788,225	753,017
2031-2035	433,463	209,986	729,006	147,810	28,962	204,821	166,800	122,768	1,563,052	480,564
2036-2040	395,953	109,584	224,293	21,396	0	0	190,700	98,823	810,946	229,803
2041-2045	252,770	30,358	0	0	0	0	218,800	70,877	471,570	101,235
2046-2050	16,745	753	0	0	0	0	251,400	38,157	268,145	38,910
2051-2052	0	0	0	0	0	0	111,000	4,858	111,000	4,858
Totals	\$2,374,851	\$1,460,552	\$2,554,814	\$1,486,607	\$652,008	\$1,740,975	\$1,326,600	\$816,435	\$8,649,248	\$3,763,594

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of bond anticipation notes. General obligation bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 20 year serial bonds. The Shelton Industries Bonds are paid from general revenues of the County. The bonds are reported as part of unrestricted net position because the proceeds were used for the renovation of a building owned by the Southern Ohio Port Authority. The Various Purpose and the Juvenile Detention Center Bonds are both being paid with tax monies receipted into the General Fund and then transferred to the Debt Service Fund. The refunded bonds were retired on August 1, 2004. The County Jail Bonds are being paid from general revenues of the County.

SCIOTO COUNTY

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

The 2013 Economic Development Facilities Refunding Revenue Bonds were issued December 10, 2013, for the purpose of advance refunding \$1,815,000 of the 1999 Shelton Industries General Obligation Bonds. The bonds are serial bonds and were issued with an interest rate of 0.55 – 5.05 percent for a twelve year period. The bonds will mature on December 1, 2025, and will be retired from the Debt Service Fund.

The 2014 Various Purpose Refunding Bonds were issued April 16, 2014, for the purpose of advance refunding \$4,545,000 of the 2004 County Jail General Obligation Bonds. The bonds are serial bonds and were issued with an interest rate of 2.00 – 4.00 percent for a fifteen year period. The bonds will mature on December 1, 2029, and will be retired from the Debt Service Fund.

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000.

Ohio Public Works Commission (OPWC) Loan

The OPWC loans consists of monies owed to the Ohio Public Works Commission for various bridge replacement renovation and highway improvement projects. The liability for the OPWC loans are recorded in the government-wide financial statements. The loans were / will be repaid from the Diehlman Road Bridge Replacement, Mackeltree Road Bridge Replacement, and Millers Run-Fallen Timber Road Bridge Replacement Capital Project Funds and the Highway Improvement Debt Service Fund.

Capital Leases and Compensated Absences

Capital leases will be paid from the General Fund and the Children Services, Public Assistance, Sheriff's Drug Enforcement, Dretac Treasurer, and Board of Developmental Disabilities Special Revenue Funds.

Compensated absences will be paid from the following governmental funds:

- General Fund
- Real Estate Assessment Special Revenue Fund
- Children Services Special Revenue Fund
- Dog and Kennel Special Revenue Fund
- Revolving Loan Special Revenue Fund
- Emergency Management Assistance Special Revenue Fund
- Engineer Special Revenue Fund
- Public Assistance Special Revenue Fund
- Indigent Guardianship Special Revenue Fund
- Board of Developmental Disabilities Special Revenue Fund
- T.B. Levy Special Revenue Fund
- Sheriff's Policing Rotary Special Revenue Fund
- Multi-County Mediation Special Revenue Fund
- Coordinated Transportation Special Revenue Fund
- Recycling and Litter Prevention Special Revenue Fund
- Juvenile Drug Court Special Revenue Fund
- Ohio Department of Rehabilitation and Correction Treatment Special Revenue Fund

SCIOTO COUNTY

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

The Ohio Bureau of Workers' Compensation Retrospective Rating Program Claims Payable will be paid from the following funds:

- General Fund
- Probation Supervision Special Revenue Fund
- Engineer Special Revenue Fund
- Board of Developmental Disabilities Special Revenue Fund
- Sheriff's Policing Rotary Special Revenue Fund
- Coordinated Transportation Special Revenue Fund

The County pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability see note 11.

The change in the County's Governmental Activities' long-term obligations during the year consisted of the following:

	Restated Principal Outstanding at 12/31/2014	Additions	Deletions	Principal Outstanding at 12/31/2015	Due Within One Year
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
Economic Development Facilities Refunding					
Revenue Bonds 2013 0.55 - 5.05% - \$1,815,000	\$1,680,000	\$0	\$130,000	\$1,550,000	\$135,000
Various Purpose Refunding Bonds					
2014 2.00 - 4.00% - \$4,880,000	4,575,000	0	260,000	4,315,000	260,000
Premium on Various Purpose Bonds	4,086	0	285	3,801	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	1,685,000	0	265,000	1,420,000	270,000
Total General Obligation Bonds	7,944,086	0	655,285	7,288,801	665,000
<u>Net Pension Liability</u>					
OPERS	17,327,415	388,885	0	17,716,300	0
STRS	1,586,219	49,191	0	1,635,410	0
Total Net Pension Liability	18,913,634	438,076	0	19,351,710	0
<u>Other Long-Term Obligations</u>					
2013 OPWC Bridge Replacement and					
Road Improvement Loan 0% - \$216,650	216,650	0	216,650	0	0
2015 OPWC Highway Improvement Loan 0% - \$247,872	0	247,872	0	247,872	12,394
Capital Leases	1,066,294	26,143	355,356	737,081	344,948
Compensated Absences	1,770,668	1,022,889	926,656	1,866,901	1,011,045
Ohio Bureau of Workers' Compensation					
Retrospective Rating Program Claims	186,445	45,379	53,895	177,929	177,929
Total Other Long-Term Obligations	3,240,057	1,342,283	1,552,557	3,029,783	1,546,316
Total Governmental Activities	\$30,097,777	\$1,780,359	\$2,207,842	\$29,670,294	\$2,211,316

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

SCIOTO COUNTY

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

	General Obligation		OPWC	Total	
	Bonds		Loan	Principal	Interest
	Principal	Interest	Principal	Principal	Interest
2016	\$665,000	\$245,596	\$12,394	\$677,394	\$245,596
2017	610,000	229,005	24,787	634,787	229,005
2018	630,000	212,606	24,787	654,787	212,606
2019	650,000	194,838	24,787	674,787	194,838
2020	675,000	174,810	24,787	699,787	174,810
2021-2025	2,590,000	578,563	123,935	2,713,935	578,563
2026-2029	1,465,000	139,512	12,395	1,477,395	139,512
Totals	<u>\$7,285,000</u>	<u>\$1,774,930</u>	<u>\$247,872</u>	<u>\$7,532,872</u>	<u>\$1,774,930</u>

The County’s total legal debt margin was \$23,015,208 with an unvoted debt margin of \$9,370,723 at December 31, 2015.

CONDUIT DEBT OBLIGATION

During 1985, the County, in conjunction with several other political subdivisions of Ohio, issued revenue bonds in the aggregate principal amount of \$72,000,000. The proceeds were used to fund the VHA Central Inc. Capital Asset Financing Program. The program provides financing for hospitals in Ohio to acquire equipment and other capital assets. The balance outstanding as of December 31, 2015, is \$18,000,000.

During 2001, the County issued revenue bonds in the aggregate principal amount of \$1,870,000 for the Shawnee Mental Health Center. The proceeds were used by the Shawnee Mental Health Center to construct a new facility. The balance outstanding as of December 31, 2015, is \$900,000.

During 2002, the County issued revenue bonds in the aggregate principal amount of \$1,330,000 for The Counseling Center, Inc. The proceeds were used by The Counseling Center, Inc. to renovate two of its facilities and to refinance an outstanding commercial loan that was used to acquire and renovate three of its facilities. The balance outstanding as of December 31, 2015, is \$235,000.

During 2006, the County issued hospital revenue bonds in the aggregate principal amount of \$131,375,000 for the Southern Ohio Medical Center (SOMC). The proceeds were used by SOMC to construct a new addition to the Hospital Facility and related renovations. The balance outstanding as of December 31, 2015, is \$108,575,000.

Conduit debt bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. There has not been, and currently is not, any condition of default under the bonds or the related financing documents. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County’s debt presentation. Neither the full faith and credit or taxing power of the County is pledged to make repayment.

SCIOTO COUNTY

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

NOTE 16 - BOND ANTICIPATION NOTES PAYABLE

During 2015, the County retired the Commercial Property Acquisition Bond Anticipation Note in the amount of \$87,000.

All bond anticipation notes are backed by the full faith and credit of the County.

<u>Types / Issues</u>	<u>Balance at 12/31/14</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at 12/31/15</u>
<u>Governmental Activities</u>				
Commercial Property Acquisition Bond Anticipation Note				
September 11, 2014 - 5.00% - \$87,000	\$87,000	\$0	\$87,000	\$0

NOTE 17 - INTERFUND ACTIVITY

Interfund balances at December 31, 2015, consist of the following individual fund receivables and payables:

		Receivables					
Payables		General	Public Assistance	Motor Vehicle Gas Tax	Children Services	Nonmajor Governmental Funds	Total
	General	\$0	\$9,949	\$0	\$0	\$0	\$9,949
Public Assistance	0	0	0	0	71,781	71,781	
Nonmajor Governmental Funds	36,534	17,801	169,600	5,185	0	229,120	
Total	\$36,534	\$27,750	\$169,600	\$5,185	\$71,781	\$310,850	

The Motor Vehicle Gas Tax Fund advanced money for services rendered to the Hayport Road Bridge Replace Enterprise Fund. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies, for services performed for which payments are owed, or to cover a negative cash balance in another fund. The Public Assistance Fund has outstanding payables to Nonmajor Governmental Funds for services provided through various contracts existing with Public Assistance. All advances will be reimbursed either when funds become available or when payments for services are rendered.

Transfers made during the year ended December 31, 2015 were as follows:

SCIOTO COUNTY

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

NOTE 17 - INTERFUND ACTIVITY (Continued)

	Transfers To		
	Public	Nonmajor	Total
	Assistance	Governmental Funds	
Transfers From			
General	\$222,091	\$1,193,419	\$1,415,510
Public Assistance	0	137,220	137,220
Motor Vehicle Gas Tax	0	216,650	216,650
Nonmajor			
Governmental Funds	0	56,415	56,415
Sewer	0	30,000	30,000
Total	\$222,091	\$1,633,704	\$1,855,795

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds. Monies were transferred from the General Fund, the Public Assistance Fund, the Motor Vehicle Gas Tax Fund, and from nonmajor special revenue funds to nonmajor debt service funds to make debt service payments. Real Estate monies were transferred to other real estate funds to help with expenditures.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE

ADAMS, LAWRENCE, SCIOTO ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD - JOINTLY GOVERNED ORGANIZATION

Scioto County is a member of the three-county Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS Board), which is a jointly governed organization between Adams, Lawrence, and Scioto Counties. The purpose of the ADAMHS Board is to provide aid, support and education for alcohol and drug dependent citizens as well as those who are mentally handicapped.

The three-county ADAMHS Board is governed by a board consisting of 14 members. The breakdown is as follows: six members are appointed by the Director of Mental Health and Addiction Services and eight are appointed by County Commissioners of Scioto, Lawrence and Adams Counties. The main sources of revenue for this Board are grants from the Ohio Department of Mental Health and Addition Services. Outside agencies are contracted by the Board to provide service for the Board. Financial records are maintained by the Scioto County Auditor and Treasurer. Each county has a participation percentage based upon the number of board members appointed. Scioto County appoints four members, which represents 50 percent of the total members appointed by the three counties. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The Board of County Commissioners appoint members proportionate to the County's population to the population of the whole district with at least one member being appointed from each County. The ADAMHS Board received a contribution from the County of \$2,000 during 2015.

SCIOTO COUNTY

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

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)

OHIO VALLEY RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC. - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia, and Lawrence Counties each appoint three members to the 30 member Council. The Council selects an administrator to oversee operations. The Council exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Council. The Ohio Valley Resource Conservation and Development Area, Inc. received no contributions from the County during 2015; other revenues are from USDA grants. Scioto County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

WORKFORCE INVESTMENT BOARD - JOINTLY GOVERNED ORGANIZATION

The Workforce Investment Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county. The 48 member Board includes 12 members from each participating county and includes 51 percent of its members from the private sector. The remaining members include individuals from education, one-stop partners, juvenile justice centers, labor organizations, local public housing and former participants. The Workforce Investment Board typically meets three to four times per year and is responsible for the five-year plan, selecting one-stop operators, selecting youth providers and coordinating all activities in association with Workforce Investment Act funds. This Board enables the participating counties to have more local control over the programs which they assist in overseeing. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The Workforce Investment Board received no contributions from the County during 2015. On December 17, 2015 the Board of County Commissioners approved an intergovernmental agreement for Adams, Brown, Pike and Scioto County which establishes the terms, conditions, and requirements governing the administration of the Workforce Innovation and Opportunity Act of 2014 and Chief Elected Officials duties and created the SO Consortium for the purpose of implementing, governing, and administering any and all workforce and economic development programming.

OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a 12 county economic development planning district in southern Ohio. The Commission was formed to favorably influence the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Scioto County for its existence. The Commission exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Commission. The County contributed \$14,068 to the Commission during the year.

SCIOTO COUNTY

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

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)

SCIOTO COUNTY COMMUNITY ACTION ORGANIZATION - JOINTLY GOVERNED ORGANIZATION

The Scioto County Community Action Organization (CAO) is an IRS 502C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Scioto County. The CAO administers the Workforce Investment Act grant. The CAO Board is comprised of local public officials. The organization exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation in the organization. In 2015, the County made payments to the CAO in the amount of \$542,924 for the provision of services to the Scioto County Department of Jobs and Family Services.

SOUTHERN OHIO DEVELOPMENT INITIATIVE - JOINTLY GOVERNED ORGANIZATION

The Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. The organization exercises total control over its operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation with the organization. During 2015, the County made no payments nor received any monies from the Southern Ohio Development Initiative.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY - JOINTLY GOVERNED ORGANIZATION

The Portsmouth Metropolitan Housing Authority (the Authority) is a political subdivision that consists of five members. One member is appointed by the probate court, one member by the court of common pleas, one member by the board of county commissioners, and two members by the chief executive officer of the City of Portsmouth. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Authority exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation in the Authority. The Authority received no contributions from the County during 2015.

SOUTHERN OHIO COUNCIL OF GOVERNMENTS - JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization, created under the Ohio Revised code section 167.01. The governing body consists of a 15 member board with each participating County represented by the Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The County paid the Council \$217,533 for services provided during the year. Financial statements can be obtained from the Southern Ohio Council of Governments, 17273 St. Rt. 104, Building 8, Chillicothe, Ohio, 45601.

SCIOTO COUNTY

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

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)

JOINT SOLID WASTE DISTRICT - JOINT VENTURE

The County participates in a joint venture with Lawrence County, the Joint Solid Waste District (the District). The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. Each of the governments supports the District and shares in an equal percentage of equity. The degree of control exercised by each participating County is limited to its representation on the Board. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the District had been maintained by Lawrence County. In November 2012, Scioto County became the permanent fiscal agent for the District.

The County has an investment that is explicit and measurable in that the joint venture agreement stipulates that the participants have a future claim to the net resources of the District upon its dissolution. The agreement also sets forth the method to determine each members' proportionate share.

The District is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit or burden on the members in the future. The County's investment interest in the District was \$170,941 as of December 31, 2015. Complete financial statements can be obtained from the Scioto County Auditor's Office at 602 7th Street, Room 103, Portsmouth, OH 45662.

NOTE 19 - RISK SHARING POOL

COUNTY RISK SHARING AUTHORITY, INC. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool among 60 counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member 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. No county may have more than one representative on the board at any time. Each member county's control over the budgetary and financing of CORSA is limited to its voting authority and any representative 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 payments of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2015 was \$342,466. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio at 209 East State Street, Columbus, Ohio 43215-4309.

SCIOTO COUNTY

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

NOTE 20 – RELATED ORGANIZATION

SOUTHERN OHIO PORT AUTHORITY

The Southern Ohio Port Authority (the Authority) is statutorily created as a separate and distinct political subdivision of the State. The Authority is governed by a twenty-one member Board of Trustees appointed by the Scioto County Commissioners. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Authority’s expenditures, and do not rely on the County to finance deficits. In 2015, the Authority received operating funds for economic development purposes totaling \$150,000 from the County.

NOTE 21 – SIGNIFICANT COMMITMENTS

Contractual Commitments

As of December 31, 2015, the County had the following contractual purchase commitments for various projects:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2015
2015 New Construction Appraisal	\$58,500	\$52,490	\$6,010
2016 Reappraisal - Tyler Technologies, Inc.	815,000	528,120	286,880
Minford Sewer Extension - EMH&T	3,855,720	3,693,535	162,185
Elevator Cylinder Replacement	27,000	0	27,000
Filemaker Upgrade	23,587	15,382	8,205
Total	\$4,779,807	\$4,289,527	\$490,280

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General	\$495,106
Public Assistance	394,983
Motor Vehicle Gas Tax	409,553
Board of Developmental Disabilities	64,700
Children Services	75,487
Nonmajor Governmental Funds	431,847
Total Governmental Funds	1,871,676
 Proprietary Funds:	
Sanitary Sewer	742,797
Total	\$2,614,473

SCIOTO COUNTY

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

NOTE 22 - CONTINGENT LIABILITIES

LITIGATION

The County is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

FEDERAL AND STATE GRANTS

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

NOTE 23 - RELATED PARTY TRANSACTIONS

STAR, Inc., a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of STAR, Inc. In 2015, these contributions were \$230,169.

The Scioto County Airport Authority, a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of the Scioto County Airport Authority. In 2015, these contributions were \$38,345.

NOTE 24 - FUND BALANCES

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

SCIOTO COUNTY

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

NOTE 24 - FUND BALANCES (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle Gas Tax</u>	<u>Board of Developmental Disabilities</u>	<u>Children Services</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>							
Prepays	\$115,015	\$124,299	\$11,741	\$23,283	\$27,972	\$9,530	\$311,840
Materials and Supplies Inventory	64,992	16,488	302,563	4,697	500	2,870	392,110
Unclaimed Monies	304,967	0	0	0	0	0	304,967
<i>Total Nonspendable</i>	484,974	140,787	314,304	27,980	28,472	12,400	1,008,917
<i>Restricted for</i>							
Human Service Programs	0	1,219,332	0	0	1,369,928	2,411,186	5,000,446
Public Works	0	0	2,178,057	0	0	0	2,178,057
Health Programs	0	0	0	1,639,595	0	174,824	1,814,419
Judicial Programs	0	0	0	0	0	899,444	899,444
Public Safety Programs	0	0	0	0	0	2,897,718	2,897,718
Economic Development and Assistance	0	0	0	0	0	510,296	510,296
Transportation	0	0	0	0	0	210,936	210,936
Capital Improvements	0	0	0	0	0	96,200	96,200
Debt Service	0	0	0	0	0	46,515	46,515
Other Purposes	0	0	0	0	0	1,605,763	1,605,763
<i>Total Restricted</i>	0	1,219,332	2,178,057	1,639,595	1,369,928	8,852,882	15,259,794
<i>Committed to</i>							
Judicial Programs	0	0	0	0	0	360,242	360,242
<i>Assigned to</i>							
Debt Service	0	0	0	0	0	22,884	22,884
Unpaid Obligations	221,467	0	0	0	0	0	221,467
Public Safety Programs	120,685	0	0	0	0	0	120,685
Other Purposes	11,399	0	0	0	0	0	11,399
<i>Total Assigned</i>	353,551	0	0	0	0	22,884	376,435
<i>Unassigned (Deficit)</i>	9,523,862	0	0	0	0	(7,884)	9,515,978
<i>Total Fund Balances</i>	\$10,362,387	\$1,360,119	\$2,492,361	\$1,667,575	\$1,398,400	\$9,240,524	\$26,521,366

NOTE 25 – SUBSEQUENT EVENTS

In April 2016, the County approved conduit debt not to exceed \$160,000,000 of Hospital Facilities Refunding Revenue Bonds, Series 2016.

On September 13, 2016, the Board of County Commissioners approved awarding a bid for the Haverhill-Ohio Furnace Road Widening Project to Allard Construction, LLC in the amount of \$688,866.

SCIOTO COUNTY

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

NOTE 26 - DISCRETELY PRESENTED COMPONENT UNITS

STAR, INC.

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of STAR, Inc.:

Summary of Significant Accounting Policies - STAR, Inc. was incorporated as a not-for-profit organization under the laws of the State of Ohio. STAR, Inc. provides services to individuals with disabilities living in Southwestern Ohio. STAR, Inc. considers the Scioto County Board of Developmental Disabilities a primary partner in providing services to individuals with mental retardation and developmental disabilities in Scioto County.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of the revenues, expenses, gains, losses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting - Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the “appropriated budget” is adopted and does not maintain separate budgetary financial records.

Accounts Receivable - Accounts receivable represents charges for services from companies and are considered fully collectable.

Capital Assets - A summary of STAR, Inc.’s capital assets at December 31, 2015, follows:

Machinery and Equipment	\$297,325
Less: Accumulated Depreciation	(246,313)
Total Capital Assets (Net)	<u>\$51,012</u>

Capital assets are depreciated on a straight-line basis using an estimated useful life of three to 10 years for STAR, Inc.’s equipment.

Long-Term Obligations - In 2015, STAR, Inc. issued a loan in the amount of \$16,506 at the rate of 0% interest for the purpose of purchasing two lawn mowers.

The following is a summary of STAR Inc.’s, future annual debt service requirements for long-term debt:

	<u>Kubota Loan</u>
	<u>Principal</u>
2016	\$4,126
2017	4,126
2018	4,126
2019	689
Totals	<u>\$13,067</u>

SCIOTO COUNTY AIRPORT AUTHORITY

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of the Scioto County Airport Authority:

SCIOTO COUNTY

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

NOTE 26 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Measurement Focus and Basis of Accounting - The Scioto County Airport Authority is accounted for like proprietary funds using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budgetary Basis of Accounting - Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the “appropriated budget” is adopted and does not maintain separate budgetary financial records.

Due from Other Governments - Due from other governments represents intergovernmental revenue to be received from the FAA for improvements to the airport runways.

Capital Assets - A summary of the Scioto County Airport Authority’s capital assets at December 31, 2015, follows:

Land	\$365,737
Land Improvements	1,318,753
Buildings	1,753,357
Machinery and Equipment	167,709
Vehicles	142,950
Less: Accumulated Depreciation	<u>(1,557,269)</u>
Total Capital Assets (Net)	<u>\$2,191,237</u>

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

	2014	2013
County's Proportion of the Net Pension Liability	0.15310760%	0.15310760%
County's Proportionate Share of the Net Pension Liability	\$18,466,488	\$18,049,391
County's Covered-Employee Payroll	\$18,192,968	\$17,879,362
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	101.50%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

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

	2015	2014	2013
County's Proportion of the Net Pension Liability	0.00591745%	0.00652135%	0.00652135%
County's Proportionate Share of the Net Pension Liability	\$1,635,410	\$1,586,219	\$1,889,493
County's Covered-Employee Payroll	\$612,014	\$681,888	\$688,554
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	267.22%	232.62%	274.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Scioto County, Ohio
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$2,288,853	\$2,256,548	\$2,401,615
Contributions in Relation to the Contractually Required Contribution	<u>(2,288,853)</u>	<u>(2,256,548)</u>	<u>(2,401,615)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$18,474,210	\$18,192,968	\$17,879,362
Contributions as a Percentage of Covered-Employee Payroll	12.39%	12.40%	13.43%

(1) Information prior to 2013 is not available.

Scioto County, Ohio
Required Supplementary Information
Schedule of County Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$85,682	\$91,873	\$89,512	\$90,794	\$86,727	\$89,074	\$80,971	\$80,557	\$80,145	\$59,170
Contributions in Relation to the Contractually Required Contribution	(85,682)	(91,873)	(89,512)	(90,794)	(86,727)	(89,074)	(80,971)	(80,557)	(80,145)	(59,170)
Contribution Deficiency (Excess)	<u>\$0</u>									
County Covered-Employee Payroll	\$612,014	\$681,888	\$688,554	\$698,415	\$667,131	\$685,185	\$622,854	\$619,669	\$616,500	\$455,154
Contributions as a Percentage of Covered-Employee Payroll:	14.00%	13.47%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Job and Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1415-11-5423/G-1617-11-5576	N/A	\$594,103
<i>Direct from the U.S. Department of Agriculture</i>				
ARRA-Water and Waste Disposal Systems for Rural Communities	10.781			
ARRA-Water and Waste Disposal Systems for Rural Communities - Grant		N/A	N/A	3,240,244
ARRA-Water and Waste Disposal Systems for Rural Communities - Loan		N/A	N/A	8,761,193
Total ARRA - Water and Waste Disposal Systems for Rural Communities				<u>12,001,437</u>
Total U.S. Department of Agriculture				12,595,540
U.S. DEPARTMENT OF COMMERCE				
<i>Direct from the Economic Development Administration</i>				
Economic Adjustment Assistance	11.307	N/A	\$66,871	<u>139,309</u>
Total U.S. Department of Commerce				139,309
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through Ohio Development Services Agency</i>				
Community Development Block Grants/State's Program	14.228			
Community Development Program		B-F-13-1CP-1	N/A	55,791
Community Development Program		B-F-14-1CP-1	N/A	182,867
Community Housing Improvement Program		B-C-14-1CP-1	N/A	98,957
CDBG Revolving Loan		N/A	N/A	22,355
Total Community Development Block Grants/State's Program				<u>359,970</u>
Home Investment Partnerships Program	14.239	B-C-14-1CP-2	N/A	<u>888</u>
Total U.S. Department of Housing and Urban Development				360,858
U.S. DEPARTMENT OF THE INTERIOR				
<i>Direct from the Federal Government</i>				
Payments in Lieu of Taxes	15.226	N/A	N/A	10,466
<i>Passed through Ohio Department of Natural Resources</i>				
Secure Rural Schools and Community Self-Determination	15.234	N/A	N/A	17,385
Flood Control Act Lands	15.433	N/A	N/A	<u>3,000</u>
Total U.S. Department of the Interior				30,851
U.S. DEPARTMENT OF JUSTICE				
<i>Direct from the Bureau of Justice Assistance</i>				
Bulletproof Vest Partnership Program	16.607	N/A	N/A	5,863
<i>Direct from the United States Marshals Service</i>				
Equitable Sharing Program	16.922	N/A	N/A	27,628
<i>Passed through Ohio Department of Youth Services</i>				
Juvenile Accountability Block Grants	16.523	2012-JB-015-B073	N/A	10,000
		2012-JB-015-B073S	N/A	23,776
Total Juvenile Accountability Block Grants				<u>33,776</u>
<i>Passed through Ohio Attorney General Crime Victims Section</i>				
Crime Victim Assistance	16.575	2015-VOCA-10216317	N/A	14,039
		2015-VOCA-12396775	N/A	1,006
Total Crime Victim Assistance				<u>15,045</u>

(Continued)

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)				
<i>Passed through the City of Portsmouth, Ohio</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0481	N/A	4,958
Total U.S. Department of Justice				87,270
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct from the United States Federal Aviation Administration</i>				
Airport Improvement Program	20.106	3-39-0069-018-2015	N/A	20,766
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	PID93723 PID99397	N/A N/A	486,948 2,562
Total Highway Planning and Construction				489,510
Formula Grants for Rural Areas	20.509	RPTF-4119-035-151 RPTM-0119-035-152 RPTF-0119-035-152	N/A N/A N/A	304,429 31,108 78,122
Total Formula Grants for Rural Areas				413,659
Total Passed Through Ohio Department of Transportation				903,169
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	STEP-2015-73-00-00-00584-00 STEP-2016-73-00-00-00537-00	N/A N/A	11,341 1,859
Total State and Community Highway Safety				13,200
National Priority Safety Programs	20.616	IDEP-2015-73-00-00-00442-00 IDEP-2016-73-00-00-00376-00	N/A N/A	12,878 5,494
Total National Priority Safety Programs				18,372
Total Highway Safety Cluster				31,572
Total U.S. Department of Transportation				955,507
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education- Grants to States	84.027	078063-6BSF-2015	N/A	40,352
Special Education- Preschool Grants	84.173	078063-PGS1-2015	N/A	6,881
Total Special Education Cluster				47,233
<i>Passed through Ohio Department of Health</i>				
Special Education-Grants for Infants and Families	84.181	73-1-001-1-IHO-415 73-1-001-1-IHO-516	N/A N/A	6,184 1,494
Total Special Education - Grants for Infants and Families				7,678
Total United States Department of Education				54,911

(Continued)

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through the Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1415-11-5424/G-1617-11-5577	N/A	33,957
Child Support Enforcement	93.563	G-1415-11-5423/G-1617-11-5576	N/A	671,269
Community-Based Child Abuse Prevention Grants	93.590	G-1415-11-5424/G-1617-11-5577	N/A	1,212
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1415-11-5424/G-1617-11-5577	N/A	92,505
Foster Care Title IV-E	93.658	G-1415-11-5424/G-1617-11-5577	N/A	899,203
Adoption Assistance	93.659	G-1415-11-5424/G-1617-11-5577	N/A	141,787
Chafee Foster Care Independence Program	93.674	G-1415-11-5424/G-1617-11-5577	N/A	28,849
Social Services Block Grant	93.667	G-1415-11-5423/G-1617-11-5576	191,312	475,810
Temporary Assistance for Needy Families (TANF)	93.558	G-1415-11-5423/G-1617-11-5576	478,587	3,628,388
Child Care and Development Block Grant	93.575	G-1415-11-5423/G-1617-11-5576	N/A	181,776
Medical Assistance Program	93.778	G-1415-11-5423/G-1617-11-5576	N/A	<u>1,368,228</u>
Total Passed through the Ohio Department of Job and Family Services				7,522,984
<i>Passed through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	N/A	N/A	57,561
Medical Assistance Program - Medicaid Administrative Claiming (MAC)	93.778	N/A	N/A	<u>255,477</u>
Total Passed through the Ohio Department of Developmental Disabilities				313,038
<i>Passed through the Ohio Department of Health</i>				
Universal Newborn Hearing Screening	93.251	73-1-001-1-IHO-415	N/A	5,266
		73-1-001-1-IHO-516	N/A	<u>1,272</u>
Total Universal Newborn Hearing Screening				6,538
CDC_ Investigations, Technical Assistance, and Affordable Care Act Projects	93.283	73-1-001-1-IHO-415	N/A	3,602
		73-1-001-1-IHO-516	N/A	<u>870</u>
Total CDC_ Investigations, Technical Assistance, and Affordable Care Act Projects				4,472
Maternal and Child Health Service Block Grant to the States	93.994	73-1-001-1-IHO-415	N/A	7,607
		73-1-001-1-IHO-516	N/A	<u>1,838</u>
Total Maternal and Child Health Service Block Grant to the States				9,445
Total Passed through the Ohio Department of Health				<u>20,455</u>
Total U.S. Department of Health and Human Services				7,856,477
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
<i>Passed through the City of Shaker Heights, Ohio</i>				
High Intensity Drug Trafficking Areas Program	95.001	G14OH0001A	N/A	1,245
		G15OH0001A	N/A	<u>12,526</u>
Total High Intensity Drug Trafficking Areas Program				<u>13,771</u>
Total U.S. Executive Office of the President				13,771
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through the Ohio Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMW-2014-EP-00064	N/A	26,549
		EMW-2015-EP-00034-S01	N/A	<u>7,831</u>
Total Emergency Management Performance Grants				<u>34,380</u>
Total U.S. Department of Homeland Security				<u>34,380</u>
Total Expenditures of Federal Awards				<u><u>\$22,128,874</u></u>

The accompanying notes are an integral part of this schedule.

This page intentionally left blank.

SCIOTO COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The County passes certain federal awards received from various Federal or pass-through agencies to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

The amount passed through to subrecipients for Federal CFDA Number 93.667 includes \$125,096 provided by the Scioto County Department of Job and Family Services to the Scioto County Children Services Board. This amount was provided to the Scioto County Children Services Board in 2015 and was also expended by the Board in 2015. This amount is reported on the Schedule once in the total Federal expenditures amount.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

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

These loans are collateralized by mortgages on the property and by equipment.

Activity in the CDBG revolving loan fund during 2015 is as follows:

Beginning loans receivable balance as of January 1, 2015	\$48,097
Loans made	0
Loans written off	0
Loan principal repaid	(1,682)
Ending loans receivable balance as of December 31, 2015	46,415
Cash balance on hand in the revolving loan fund as of December 31, 2015	15,596
Administrative costs expended during 2015	0
Total value of RLF portion of the CDBG Program	62,011
Other grants administered through the CFDA # 14.228 Program	337,615
Total CDBG CFDA # 14.228 Program	\$ 399,626
Delinquent Amounts Due as of December 31, 2015	0

The table above reports gross loans receivable. In addition, the County has an Ohio Small Cities Community Development Block Grant (CDBG) Housing Program Income Account. The cash balance on hand in the account at December 31, 2015 was \$6,759. There were no receipts or expenditures from the account during 2015.

NOTE E – ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) REVOLVING LOAN PROGRAM

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses for the purpose of enhancing the County’s ability to compete economically by stimulating private investment. The federal Department of Commerce Office of Economic Development Administration (EDA) grants money for these loans to the County. The County uses loan repayments and interest received to make additional loans. Subsequent loans are subject to the same compliance requirements imposed by EDA as the initial loans. These loans are collateralized by mortgages on the properties.

Activity in the EDA revolving loan fund during 2015 is as follows:

Beginning loans receivable balance as of January 1, 2015	\$76,315
Loans made	0
Loans written off	0
Loan principal repaid	(5,925)
Ending loans receivable balance as of December 31, 2015	70,390
Cash balance on hand in the revolving loan fund as of December 31, 2015	76,251
Administrative costs expended during 2015	0
Subtotal	146,641
Total original EDA funding amount	4,790,000
Total original funding amount	5,040,000
Federal Participation Rate	95%
Federal Awards Expended	\$ 139,309

NOTE F – UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOANS OUTSTANDING – EDEN PARK SEWER PROJECT

The County was previously awarded a grant and a loan through the Water and Waste Disposal Systems for Rural Communities program, CFDA #10.760. Both grant and loan proceeds were previously reported on the Schedule when expended. The project was completed in 2014, and all funds from both the grant and loan proceeds had been expended as of December 31, 2014. USDA loan proceeds extended over the life of the project totaled \$1,388,000. The balance of USDA loans outstanding relating to the Eden Park Project totaled \$1,326,600 as of December 31, 2015.

NOTE G – UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOANS OUTSTANDING – MINFORD SEWER PROJECT

The County was previously awarded a grant and a loan through the ARRA-Water and Waste Disposal Systems for Rural Communities program, CFDA #10.781. Both grant and loan proceeds have been reported on the Schedule when expended except the amount reported for the loan in 2015 includes \$583,908 which was spent in a previous year. The remaining grant and loan proceeds were drawn down in 2015, but not all of the loan proceeds had been expended as of December 31, 2015. USDA loan proceeds drawn down over the life of the project and outstanding as of December 31, 2015 total \$14,912,000.

NOTE H - MATCHING REQUIREMENTS

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

This page intentionally left blank.



Dave Yost • Auditor of State

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

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 discretely presented component units and remaining fund information of Scioto County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 19, 2016 wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 19, 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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the Scioto County's, Ohio (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 Scioto 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 Scioto 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.

Report on Internal Control Over Compliance

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

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



Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2016

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA – Water and Waste Disposal Systems for Rural Communities – CFDA #10.781 Community Development Block Grants/State's Program – CFDA #14.228 Foster Care Title IV-E – CFDA #93.658 Medical Assistance Program – CFDA #93.778 Medical Assistance Program – Medicaid Administrative Claiming (MAC) – CFDA #93.778
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

SCIOTO COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001 (initially occurred in 2012)	Significant Deficiency – Maintaining supporting documentation – STAR, Inc.	Corrective Action Taken and Finding is Fully Corrected	
2014-002 (initially occurred in 2011)	Noncompliance and Material Weakness – Cash Management requirement for Economic Adjustment Assistance	Finding no Longer Warranting Further Action	The County contracted with an IPA firm to perform a third party audit of the Revolving Loan Fund and to prepare the semi-annual report for the period ending September 30, 2015. The audit was submitted to the Economic Development Administration (EDA in June 2015, but the County has not received a response from EDA as to whether the report was acceptable, despite a number of attempts by the County to follow up on the issue. Therefore, no further semi-annual reports have been submitted. The EDA suspended the program in 2013. The County is no longer receiving additional funding, and they are not permitted to spend any current balance. Management letter comment issued.
2014-003 (initially occurred in 2011)	Noncompliance and Material Weakness – Program Income/Special Tests and Provisions requirement for Economic Adjustment Assistance	Finding no Longer Warranting Further Action	The County contracted with an IPA firm to perform a third party audit of the Revolving Loan Fund and to prepare the semi-annual report for the period ending September 30, 2015. The audit was submitted to the Economic Development Administration (EDA in June 2015, but the County has not received a response from EDA as to whether the report was acceptable, despite a number of attempts by the County to follow up on the issue. Therefore, no further semi-annual reports have been submitted. The EDA suspended the program in 2013. The County is no longer receiving additional funding, and they are not permitted to spend any current balance. Management letter comment issued.
2014-004 (initially occurred in 2013)	Noncompliance and Material Weakness – Subrecipient Monitoring requirement for Economic Adjustment Assistance	Corrective Action Taken and Finding is Fully Corrected	

Finding Number	Finding Summary	Status	Additional Information
2014-005 (initially occurred in 2011)	Noncompliance and Material Weakness – Cash Management requirement for Community Development Block Grant	Corrective Action Taken and Finding is Fully Corrected	
2014-006 (initially occurred in 2013)	Noncompliance and Significant Deficiency – Davis Bacon requirement for Community Development Block Grant	Corrective Action Taken and Finding is Fully Corrected	
2014-007	Noncompliance and Significant Deficiency – Suspension and Debarment requirement for Community Development Block Grant	Corrective Action Taken and Finding is Fully Corrected	
2014-008	Noncompliance and Significant Deficiency – Suspension and Debarment requirement for Water and Waste Disposal Systems for Rural Communities Program	Corrective Action Taken and Finding is Fully Corrected	



Dave Yost • Auditor of State

SCIOTO 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 6, 2016