



Dave Yost • Auditor of State



**ASHLAND COUNTY**  
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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**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 this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 August 9, 2017, 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 "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2017

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Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position decreased \$515,482, or 1 percent. Governmental activities decreased less than 2 percent. Business-type activities had an increase in net position; however, continues to have a deficit net position overall.

Using this Annual Report

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

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

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

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2016. These statements include all assets and deferred outflows, and liabilities and deferred inflows using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the County is divided into two distinct types of activities.

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

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

Reporting the County's Most Significant Funds

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

Governmental Funds - The County's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The County's proprietary funds consist of enterprise funds. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as business-type activities on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the County's programs. These funds also use the accrual basis of accounting.

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Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2016 and 2015.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Assets</u>						
Current and Other Assets	\$29,832,099	\$29,750,181	\$450,558	\$413,695	\$30,282,657	\$30,163,876
Capital Assets, Net	34,519,902	35,148,595	313,842	289,245	34,833,744	35,437,840
Total Assets	64,352,001	64,898,776	764,400	702,940	65,116,401	65,601,716
<u>Deferred Outflows of Resources</u>						
Pension	6,949,776	2,261,741	67,413	21,562	7,017,189	2,283,303
<u>Liabilities</u>						
Current and Other Liabilities	1,330,920	1,267,356	24,990	31,590	1,355,910	1,298,946
Long-Term Liabilities						
Pension	19,173,112	13,685,974	174,755	120,590	19,347,867	13,806,564
Other Amounts	1,880,341	2,259,883	1,339,687	1,419,498	3,220,028	3,679,381
Total Liabilities	22,384,373	17,213,213	1,539,432	1,571,678	23,923,805	18,784,891
<u>Deferred Inflows of Resources</u>						
Pension	501,045	335,413	3,377	2,119	504,422	337,532
Other Amounts	6,346,373	6,888,124	0	0	6,346,373	6,888,124
Total Deferred Inflows of Resources	6,847,418	7,223,537	3,377	2,119	6,850,795	7,225,656
<u>Net Position</u>						
Net Investment in Capital Assets	33,949,918	34,216,111	313,842	289,245	34,263,760	34,505,356
Restricted	14,240,547	14,798,203	0	0	14,240,547	14,798,203
Unrestricted (Deficit)	(6,120,479)	(6,290,547)	(1,024,838)	(1,138,540)	(7,145,317)	(7,429,087)
Total Net Position (Deficit)	\$42,069,986	\$42,723,767	(\$710,996)	(\$849,295)	\$41,358,990	\$41,874,472

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The net pension liability is the largest liability reported by the County at December 31, 2016, and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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As can be seen in the above table, the only changes of note for governmental activities are those related to pension. The significant increase in deferred outflows was due to an increase in the difference between projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the County's proportionate share of the unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. The overall change in net position for governmental activities was less than 2 percent.

For business-type activities, the increase in current and other assets was due to an increase in cash and accounts receivable. This increase is reflected in the increase in net position, although overall net position continues to be a deficit. The increase in net capital assets and the investment in capital assets was due to the purchase of a vehicle.

Table 2 reflects the change in net position for 2016 and 2015.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$4,383,386	\$3,974,305	\$953,654	\$845,085	\$5,337,040	\$4,819,390
Operating Grants, Contributions, and Interest	15,590,301	16,259,272	60,000	0	15,650,301	16,259,272
Total Program Revenues	<u>19,973,687</u>	<u>20,233,577</u>	<u>1,013,654</u>	<u>845,085</u>	<u>20,987,341</u>	<u>21,078,662</u>
General Revenues						
Property Taxes Levied for						
General Operations	2,352,037	2,302,221	0	0	2,352,037	2,302,221
Health-Alcohol, Drug Addiction, and Mental Health Services	858,940	851,430	0	0	858,940	851,430
Health-Developmental Disabilities	3,474,927	3,442,292	0	0	3,474,927	3,442,292
Health-Other	514,447	510,425	0	0	514,447	510,425
Payment in Lieu of Taxes	21,572	19,872	0	0	21,572	19,872
Permissive Sales Taxes Levied for						
General Operations	6,302,520	6,143,236	0	0	6,302,520	6,143,236
County Jail Operations	1,368,277	1,196,504	0	0	1,368,277	1,196,504
Debt Service	239,250	368,100	0	0	239,250	368,100
Capital Projects	128,622	116,054	0	0	128,622	116,054
Other Local Taxes	4,748	4,407	0	0	4,748	4,407
Grants and Entitlements	1,841,849	2,245,049	0	0	1,841,849	2,245,049
Interest	77,555	62,360	0	0	77,555	62,360
Other	1,938,892	662,729	1,266	1,470	1,940,158	664,199
Total General Revenues	<u>19,123,636</u>	<u>17,924,679</u>	<u>1,266</u>	<u>1,470</u>	<u>19,124,902</u>	<u>17,926,149</u>
Total Revenues	<u>39,097,323</u>	<u>38,158,256</u>	<u>1,014,920</u>	<u>846,555</u>	<u>40,112,243</u>	<u>39,004,811</u>

(continued)

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Table 2  
Change in Net Position  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Program Expenses</u>						
General Government						
Legislative and Executive	\$5,507,024	\$4,858,363	\$0	\$0	\$5,507,024	\$4,858,363
Judicial	2,180,869	1,901,493	0	0	2,180,869	1,901,493
Public Safety						
Sheriff	7,157,583	6,448,121	0	0	7,157,583	6,448,121
Other	211,030	229,798	0	0	211,030	229,798
Public Works	5,892,163	6,980,879	0	0	5,892,163	6,980,879
Health						
Alcohol, Drug Addiction, and Mental Health Services	2,965,807	2,483,318	0	0	2,965,807	2,483,318
Developmental Disabilities	7,458,095	7,514,370	0	0	7,440,950	7,514,370
Other	803,655	955,694	0	0	803,655	955,694
Human Services						
Children Services	2,286,339	2,234,358	0	0	2,286,339	2,234,358
Job and Family Services	3,674,957	2,971,592	0	0	3,674,957	2,971,592
Other	1,357,647	1,283,638	0	0	1,357,647	1,283,638
Conservation and Recreation	19,261	46,111	0	0	19,261	46,111
Intergovernmental	216,896	701,860	0	0	216,896	701,860
Interest and Fiscal Charges	19,778	28,118	0	0	19,778	28,118
Landfill	0	0	337,077	301,425	337,077	301,425
Recycling	0	0	539,544	514,233	539,544	514,233
Total Expenses	<u>39,751,104</u>	<u>38,637,713</u>	<u>876,621</u>	<u>815,658</u>	<u>40,627,725</u>	<u>39,453,371</u>
Increase (Decrease) in Net Position	(653,781)	(479,457)	138,299	30,897	(515,482)	(448,560)
Net Position (Deficit) Beginning of Year	42,723,767	43,203,224	(849,295)	(880,192)	41,874,472	42,323,032
Net Position (Deficit) End of Year	<u>\$42,069,986</u>	<u>\$42,723,767</u>	<u>(\$710,996)</u>	<u>(\$849,295)</u>	<u>\$41,358,990</u>	<u>\$41,874,472</u>

For governmental activities, there was little change in total revenues with the exception of other general revenues which increased due to compensation the County received from a company installing a natural gas pipeline through a number of counties in Ohio. The increase in total revenues was less than 3 percent. There was also little change in total expenses which increased less than 3 percent.

For business-type activities, there was an increase in charges for services revenue as well as a \$60,000 grant for recycling operations. There was a modest increase in expenses for both the landfill and recycling operations.

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General Government:				
Legislative and Executive	\$5,507,024	\$4,858,363	\$3,409,363	\$3,007,701
Judicial	2,180,869	1,901,493	770,631	564,976
Public Safety				
Sheriff	7,157,583	6,448,121	6,382,275	5,779,741
Other	211,030	229,798	210,305	177,476
Public Works	5,892,163	6,980,879	794,350	988,009
Health				
Alcohol, Drug Addiction and Mental Health Services	2,965,807	2,483,318	1,013,144	701,248
Developmental Disabilities	7,458,095	7,514,370	4,571,318	4,812,886
Other	803,655	955,694	542,025	694,111
Human Services				
Children Services	2,286,339	2,234,358	1,247,917	1,170,329
Job and Family Services	3,674,957	2,971,592	693,162	(4,488)
Other	1,357,647	1,283,638	43,686	312,960
Conservation and Recreation	19,261	46,111	19,261	46,111
Intergovernmental	216,896	701,860	60,202	124,958
Interest and Fiscal Charges	19,778	28,118	19,778	28,118
Total Expenses	<u>\$39,751,104</u>	<u>\$38,637,713</u>	<u>\$19,777,417</u>	<u>\$18,404,136</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) supported 50 percent of the governmental programs provided by the County (48 percent in 2015). A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 38 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 65 percent of its costs through various fines, court costs, and grants. The public works program is provided for through program revenues, primarily motor vehicle license fees and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Various operating grants provided for 66 percent of the costs for alcohol, drug addiction, and mental health services programs, 39 percent of the costs for developmental disabilities programs, and 81 percent of the costs of the job and family services program.

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Governmental Funds Financial Analysis

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

The General Fund had a 14 percent increase in fund balance from the prior year. Revenues increased a modest 2 percent and expenditures increased almost 6 percent (primarily the legislative and executive program); however, continued to be greater than expenditures.

Fund balance increased approximately 4 percent in the Motor Vehicle and Gasoline Tax Fund. Activity in this fund fluctuates from year to year based on road and bridge repair/replacement needs.

Fund balance increased 30 percent in the Job and Family Services Fund. The increase in State resources and grants was greater than the increase in expenditures.

Fund balance increased 5 percent in the Alcohol, Drug Addiction, and Mental Health Services Fund. There were increases in both revenues and expenditures; however, the increase in revenues was more than sufficient to cover the increase in expenditures.

Fund balance decreased 17 percent in the Developmental Disabilities Fund despite a 4 percent decrease in expenditures. Activity of this fund also fluctuates annually dependent on client needs.

Business-Type Activities Financial Analysis

The landfill had an operating income in 2016 for the third year in a row and after more than ten years of operating losses. The County closed its landfill in 1997 and costs are currently related to postclosure activities.

Budgetary Highlights

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

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Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2016, was \$33,949,918 and \$313,842, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of building improvements, road and bridge improvements and vehicle purchases. Disposals were minimal. For business-type activities, a vehicle was purchased and there were no disposals. For further information regarding the County's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2016, the County had outstanding general obligation bonds and loans, in the amount of \$560,000 and \$86,934, respectively. In addition, the County's long-term obligations also include the net pension liability, compensated absences, and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 18 and 19 to the basic financial statements.

Current Issues

The County's General Fund experienced increased revenue in 2016 largely due to sales tax revenue. However, the loss of Medicaid Managed Care sales tax may cause instability for the County in future years. Ashland County is experiencing an increase in costs for jail operations. With Ohio legislators changing the housing requirements for felons and the opiate problem, Ashland County's jail is filled to capacity at times during the year.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Cindy Funk, Ashland County Auditor, 142 West Second Street, Ashland, Ohio 44805.

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Ashland County  
Statement of Net Position  
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$16,109,616	\$357,370	\$16,466,986
Cash and Cash Equivalents in Segregated Accounts	5,084	22,275	27,359
Accounts Receivable	3,918	56,003	59,921
Accrued Interest Receivable	32,743	0	32,743
Permissive Sales Taxes Receivable	2,088,641	0	2,088,641
Other Local Taxes Receivable	14,581	0	14,581
Due from Other Governments	3,883,633	402	3,884,035
Due from External Parties	482	0	482
Internal Balances	51	(51)	0
Prepaid Items	248,356	0	248,356
Materials and Supplies Inventory	739,291	0	739,291
Inventory Held for Resale	0	14,559	14,559
Property Taxes Receivable	6,705,703	0	6,705,703
Nondepreciable Capital Assets	1,266,268	118,865	1,385,133
Depreciable Capital Assets, Net	33,253,634	194,977	33,448,611
<b>Total Assets</b>	<b>64,352,001</b>	<b>764,400</b>	<b>65,116,401</b>
<u>Deferred Outflows of Resources</u>			
Pension	6,949,776	67,413	7,017,189
<u>Liabilities</u>			
Accrued Wages Payable	315,632	10,839	326,471
Accounts Payable	616,368	10,472	626,840
Contracts Payable	43,514	0	43,514
Due to Other Governments	337,641	3,679	341,320
Matured Compensated Absences Payable	11,185	0	11,185
Unearned Revenue	1,030	0	1,030
Retainage Payable	4,210	0	4,210
Accrued Interest Payable	1,340	0	1,340
Long-Term Liabilities:			
Due Within One Year	717,757	89,434	807,191
Due in More Than One Year			
Net Pension Liability	19,173,112	174,755	19,347,867
Other Amounts Due in More Than One Year	1,162,584	1,250,253	2,412,837
<b>Total Liabilities</b>	<b>22,384,373</b>	<b>1,539,432</b>	<b>23,923,805</b>
<u>Deferred Inflows of Resources</u>			
Property Taxes	6,346,373	0	6,346,373
Pension	501,045	3,377	504,422
<b>Total Deferred Inflows of Resources</b>	<b>6,847,418</b>	<b>3,377</b>	<b>6,850,795</b>
<u>Net Position</u>			
Net Investment in Capital Assets	33,949,918	313,842	34,263,760
Restricted for:			
Debt Service	394,924	0	394,924
Public Works	3,810,785	0	3,810,785
Alcohol, Drug Addiction, and Mental Health Services	1,656,238	0	1,656,238
Developmental Disabilities	3,163,021	0	3,163,021
Children Services	763,664		763,664
Real Estate Assessment	1,220,314	0	1,220,314
County Jail	595,575	0	595,575
Other Purposes	2,636,026	0	2,636,026
Unrestricted (Deficit)	(6,120,479)	(1,024,838)	(7,145,317)
<b>Total Net Position (Deficit)</b>	<b>\$42,069,986</b>	<b>(\$710,996)</b>	<b>\$41,358,990</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Activities  
For the Year Ended December 31, 2016

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
<u>Governmental Activities</u>			
General Government			
Legislative and Executive	\$5,507,024	\$2,092,577	\$5,084
Judicial	2,180,869	1,174,229	236,009
Public Safety			
Sheriff	7,157,583	547,355	227,953
Other	211,030	725	0
Public Works	5,892,163	221,808	4,876,005
Health			
Alcohol, Drug Addiction, and Mental Health Services	2,965,807	0	1,952,663
Developmental Disabilities	7,458,095	0	2,886,777
Other	803,655	168,038	93,592
Human Services			
Children Services	2,286,339	0	1,038,422
Job and Family Services	3,674,957	0	2,981,795
Other	1,357,647	178,654	1,135,307
Conservation and Recreation	19,261	0	0
Intergovernmental	216,896	0	156,694
Interest and Fiscal Charges	19,778	0	0
<b>Total Governmental Activities</b>	<b>39,751,104</b>	<b>4,383,386</b>	<b>15,590,301</b>
<u>Business-Type Activities</u>			
Landfill	337,077	414,648	0
Recycling	539,544	539,006	60,000
<b>Total Business-Type Activities</b>	<b>876,621</b>	<b>953,654</b>	<b>60,000</b>
<b>Total</b>	<b>\$40,627,725</b>	<b>\$5,337,040</b>	<b>\$15,650,301</b>

<u>General Revenues</u>
Property Taxes Levied for
General Operations
Health-Alcohol, Drug Addiction, and Mental Health Services
Health-Developmental Disabilities
Health-Other
Payment in Lieu of Taxes
Permissive Sales Taxes Levied for
General Operations
County Jail Operations
Debt Service
Capital Projects
Other Local Taxes
Grants and Entitlements not Restricted for Specific Programs
Interest
Other
<b>Total General Revenues</b>
<b>Change in Net Position</b>
<b>Net Position (Deficit) Beginning of Year</b>
<b>Net Position (Deficit) End of Year</b>

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$3,409,363)	\$0	(\$3,409,363)
(770,631)	0	(770,631)
(6,382,275)	0	(6,382,275)
(210,305)	0	(210,305)
(794,350)	0	(794,350)
(1,013,144)	0	(1,013,144)
(4,571,318)	0	(4,571,318)
(542,025)	0	(542,025)
(1,247,917)	0	(1,247,917)
(693,162)	0	(693,162)
(43,686)	0	(43,686)
(19,261)	0	(19,261)
(60,202)	0	(60,202)
(19,778)	0	(19,778)
<u>(19,777,417)</u>	<u>0</u>	<u>(19,777,417)</u>
0	77,571	77,571
0	59,462	59,462
<u>0</u>	<u>137,033</u>	<u>137,033</u>
<u>(19,777,417)</u>	<u>137,033</u>	<u>(19,640,384)</u>
2,352,037	0	2,352,037
858,940	0	858,940
3,474,927	0	3,474,927
514,447	0	514,447
21,572	0	21,572
6,302,520	0	6,302,520
1,368,277	0	1,368,277
239,250	0	239,250
128,622	0	128,622
4,748	0	4,748
1,841,849	0	1,841,849
77,555	0	77,555
1,938,892	1,266	1,940,158
<u>19,123,636</u>	<u>1,266</u>	<u>19,124,902</u>
(653,781)	138,299	(515,482)
<u>42,723,767</u>	<u>(849,295)</u>	<u>41,874,472</u>
<u>\$42,069,986</u>	<u>(\$710,996)</u>	<u>\$41,358,990</u>

Ashland County  
Balance Sheet  
Governmental Funds  
December 31, 2016

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,701,302	\$1,225,447	\$619,728	\$1,681,811
Cash and Cash Equivalents in Segregated Accounts	5,084	0	0	0
Accounts Receivable	567	100	0	2,096
Accrued Interest Receivable	31,638	698	0	0
Permissive Sales Taxes Receivable	1,637,540	0	0	0
Other Local Taxes Receivable	0	14,581	0	0
Due from Other Governments	616,628	2,094,151	294,561	84,370
Due from External Parties	482	0	0	0
Interfund Receivable	3,827	1,536	254,934	0
Prepaid Items	248,356	0	0	0
Materials and Supplies Inventory	28,396	688,237	6,410	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	68,342	0	0	0
Property Taxes Receivable	2,212,392	0	0	792,168
<b>Total Assets</b>	<b>\$8,554,554</b>	<b>\$4,024,750</b>	<b>\$1,175,633</b>	<b>\$2,560,445</b>
<u>Liabilities</u>				
Accrued Wages Payable	\$110,026	\$56,793	\$60,456	\$8,290
Accounts Payable	74,535	69,122	39,029	112,956
Contracts Payable	0	487	0	0
Due to Other Governments	141,976	22,512	45,256	13,138
Interfund Payable	1,228	0	308	0
Matured Compensated Absences Payable	0	0	1,332	0
Unearned Revenue	0	0	0	0
Retainage Payable	0	0	0	0
<b>Total Liabilities</b>	<b>327,765</b>	<b>148,914</b>	<b>146,381</b>	<b>134,384</b>
<u>Deferred Inflows of Resources</u>				
Property Taxes	2,093,839	0	0	749,719
Unavailable Revenue	1,739,425	1,795,296	121,960	117,861
<b>Total Deferred Inflows of Resources</b>	<b>3,833,264</b>	<b>1,795,296</b>	<b>121,960</b>	<b>867,580</b>
<u>Fund Balances</u>				
Nonspendable	345,094	688,237	6,410	0
Restricted	14,045	1,392,303	900,882	1,558,481
Committed	2,147	0	0	0
Assigned	2,397,772	0	0	0
Unassigned	1,634,467	0	0	0
<b>Total Fund Balances</b>	<b>4,393,525</b>	<b>2,080,540</b>	<b>907,292</b>	<b>1,558,481</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$8,554,554</b>	<b>\$4,024,750</b>	<b>\$1,175,633</b>	<b>\$2,560,445</b>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,067,286	\$5,745,700	\$16,041,274
0	0	5,084
980	175	3,918
346	61	32,743
0	451,101	2,088,641
0	0	14,581
312,002	481,921	3,883,633
0	0	482
51	13,651	273,999
0	0	248,356
12,202	4,046	739,291
0	0	68,342
<u>3,220,655</u>	<u>480,488</u>	<u>6,705,703</u>
<u>\$6,613,522</u>	<u>\$7,177,143</u>	<u>\$30,106,047</u>
\$49,565	\$30,502	\$315,632
118,376	202,350	616,368
0	43,027	43,514
65,810	48,949	337,641
0	272,412	273,948
9,853	0	11,185
0	1,030	1,030
0	4,210	4,210
<u>243,604</u>	<u>602,480</u>	<u>1,603,528</u>
3,048,074	454,741	6,346,373
<u>433,132</u>	<u>546,295</u>	<u>4,753,969</u>
<u>3,481,206</u>	<u>1,001,036</u>	<u>11,100,342</u>
12,202	4,046	1,055,989
2,876,510	4,315,325	11,057,546
0	1,254,256	1,256,403
0	0	2,397,772
0	0	1,634,467
<u>2,888,712</u>	<u>5,573,627</u>	<u>17,402,177</u>
<u>\$6,613,522</u>	<u>\$7,177,143</u>	<u>\$30,106,047</u>

Ashland County  
 Reconciliation of Total Governmental Fund Balances  
 to Net Position of Governmental Activities  
 December 31, 2016

Total Governmental Fund Balances		\$17,402,177
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		34,519,902
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Accounts Receivable	2,263	
Accrued Interest Receivable	21,982	
Permissive Sales Taxes Receivable	1,424,582	
Due from Other Governments	2,945,812	
Delinquent Property Taxes Receivable	359,330	
		4,753,969
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Accrued Interest Payable	(1,340)	
General Obligation Bonds Payable	(560,000)	
Loan Payable	(86,934)	
Compensated Absences Payable	(1,233,407)	
		(1,881,681)
<p>The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.</p>		
Deferred Outflows - Pension	6,949,776	
Deferred Inflows - Pension	(501,045)	
Net Pension Liability	(19,173,112)	
		(12,724,381)
Net Position of Governmental Activities		\$42,069,986

See Accompanying Notes to the Basic Financial Statements

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Ashland County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2016

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,351,994	\$0	\$0	\$866,991
Payment in Lieu of Taxes	11,015	0	0	0
Permissive Sales Taxes	6,318,481	0	0	0
Other Local Taxes	4,748	191,625	0	0
Charges for Services	2,191,241	0	0	0
Licenses and Permits	2,975	0	0	0
Fines and Forfeitures	86,011	29,854	0	0
Intergovernmental	1,690,136	4,817,684	2,739,672	1,945,549
Interest	59,759	6,210	0	0
Other	546,633	28,825	271,665	203,585
<b>Total Revenues</b>	<b>13,262,993</b>	<b>5,074,198</b>	<b>3,011,337</b>	<b>3,016,125</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,735,387	0	0	0
Judicial	1,432,413	0	0	0
Public Safety				
Sheriff	4,557,020	0	0	0
Other	200,401	0	0	0
Public Works	75,292	4,998,065	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	2,938,251
Mental Retardation and Developmental Disabilities	185,231	0	0	0
Other	0	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	292,731	0	2,881,718	0
Other	38,389	0	0	0
Capital Outlay	0	0	0	0
Intergovernmental	77,500	0	0	0
Debt Service:				
Principal Retirement	0	0	7,500	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>11,594,364</b>	<b>4,998,065</b>	<b>2,889,218</b>	<b>2,938,251</b>
Excess of Revenues Over (Under) Expenditures	1,668,629	76,133	122,119	77,874
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	85,986	0
Transfers Out	(1,115,986)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,115,986)</b>	<b>0</b>	<b>85,986</b>	<b>0</b>
<b>Changes in Fund Balances</b>	<b>552,643</b>	<b>76,133</b>	<b>208,105</b>	<b>77,874</b>
Fund Balances Beginning of Year	3,840,882	2,004,407	699,187	1,480,607
<b>Fund Balances End of Year</b>	<b>\$4,393,525</b>	<b>\$2,080,540</b>	<b>\$907,292</b>	<b>\$1,558,481</b>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,508,392	\$519,417	\$7,246,794
10,557	0	21,572
0	1,740,547	8,059,028
0	0	196,373
0	1,205,859	3,397,100
0	341,267	344,242
0	186,910	302,775
2,901,264	3,687,348	17,781,653
9,453	2,217	77,639
113,931	855,000	2,019,639
<u>6,543,597</u>	<u>8,538,565</u>	<u>39,446,815</u>
0	808,908	5,544,295
0	709,245	2,141,658
0	1,978,747	6,535,767
0	0	200,401
0	3,864	5,077,221
0	0	2,938,251
7,142,237	0	7,327,468
0	784,161	784,161
0	2,259,197	2,259,197
0	341,726	3,516,175
0	1,281,749	1,320,138
0	293,312	293,312
0	139,396	216,896
0	355,000	362,500
0	20,518	20,518
<u>7,142,237</u>	<u>8,975,823</u>	<u>38,537,958</u>
<u>(598,640)</u>	<u>(437,258)</u>	<u>908,857</u>
0	1,030,000	1,115,986
0	0	(1,115,986)
<u>0</u>	<u>1,030,000</u>	<u>0</u>
(598,640)	592,742	908,857
<u>3,487,352</u>	<u>4,980,885</u>	<u>16,493,320</u>
<u>\$2,888,712</u>	<u>\$5,573,627</u>	<u>\$17,402,177</u>

Ashland County  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2016

Changes in Fund Balances - Total Governmental Funds \$908,857

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

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

Capital Outlay - Nondepreciable Capital Assets	445,331	
Capital Outlay - Depreciable Capital Assets	1,919,082	
Depreciation	<u>(2,940,863)</u>	(576,450)

The cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (52,243)

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

Delinquent Property Taxes	(46,443)	
Permissive Sales Taxes	(20,359)	
Intergovernmental	(291,632)	
Interest	6,795	
Other	<u>2,147</u>	(349,492)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position. 362,500

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net position. 740

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 17,042

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities. (2,521,098)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows or a reduction in the net pension liability. 1,556,363

Change in Net Position of Governmental Activities (\$653,781)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$2,256,750	\$2,356,750	\$2,355,645	(\$1,105)
Payment in Lieu of Taxes	11,015	11,015	11,015	0
Permissive Sales Taxes	5,850,000	6,310,000	6,309,935	(65)
Other Local Taxes	3,500	3,500	4,748	1,248
Charges for Services	1,746,335	2,144,335	2,181,030	36,695
Licenses and Permits	2,100	2,100	2,985	885
Fines and Forfeitures	90,250	90,250	87,415	(2,835)
Intergovernmental	1,345,275	1,775,884	1,777,545	1,661
Interest	52,000	105,000	104,838	(162)
Other	320,127	507,518	508,519	1,001
<b>Total Revenues</b>	<b>11,677,352</b>	<b>13,306,352</b>	<b>13,343,675</b>	<b>37,323</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	5,056,744	5,360,490	5,089,057	271,433
Judicial	1,499,876	1,610,696	1,457,480	153,216
Public Safety				
Sheriff	4,199,473	4,740,915	4,569,966	170,949
Other	238,736	238,736	198,117	40,619
Public Works	79,602	79,602	75,074	4,528
Health				
Other	184,212	190,873	185,231	5,642
Human Services				
Other	410,724	410,724	292,731	117,993
Conservation and Recreation	37,000	37,000	37,000	0
Intergovernmental	77,500	77,500	77,500	0
<b>Total Expenditures</b>	<b>11,783,867</b>	<b>12,746,536</b>	<b>11,982,156</b>	<b>764,380</b>
Excess of Revenues Over (Under) Expenditures	(106,515)	559,816	1,361,519	801,703
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	25,000	30,000	30,117	117
Transfers Out	(1,139,487)	(1,134,061)	(1,115,986)	18,075
<b>Total Other Financing Sources (Uses)</b>	<b>(1,114,487)</b>	<b>(1,104,061)</b>	<b>(1,085,869)</b>	<b>18,192</b>
<b>Changes in Fund Balance</b>	<b>(1,221,002)</b>	<b>(544,245)</b>	<b>275,650</b>	<b>819,895</b>
Fund Balance Beginning of Year	3,053,480	3,053,480	3,053,480	0
Prior Year Encumbrances Appropriated	170,751	170,751	170,751	0
<b>Fund Balance End of Year</b>	<b>\$2,003,229</b>	<b>\$2,679,986</b>	<b>\$3,499,881</b>	<b>\$819,895</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Other Local Taxes	\$190,000	\$192,000	\$192,188	\$188
Fines and Forfeitures	30,000	31,700	31,619	(81)
Intergovernmental	4,350,000	4,908,500	4,829,687	(78,813)
Interest	1,500	1,500	6,210	4,710
Other	64,500	64,500	24,902	(39,598)
Total Revenues	<u>4,636,000</u>	<u>5,198,200</u>	<u>5,084,606</u>	<u>(113,594)</u>
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	4,377,408	5,957,908	4,841,381	1,116,527
Road and Bridge	51,000	58,500	38,950	19,550
Total Expenditures	<u>4,428,408</u>	<u>6,016,408</u>	<u>4,880,331</u>	<u>1,136,077</u>
Changes in Fund Balance	207,592	(818,208)	204,275	1,022,483
Fund Balance Beginning of Year	907,306	907,306	907,306	0
Prior Year Encumbrances Appropriated	34,408	34,408	34,408	0
Fund Balance End of Year	<u>\$1,149,306</u>	<u>\$123,506</u>	<u>\$1,145,989</u>	<u>\$1,022,483</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Job and Family Services Fund  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$2,500,000	\$2,570,000	\$2,567,071	(\$2,929)
Other	70,000	270,000	268,130	(1,870)
Total Revenues	2,570,000	2,840,000	2,835,201	(4,799)
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	2,892,783	3,027,311	2,831,789	195,522
Debt Service				
Principal Retirement	7,500	7,500	7,500	0
Total Expenditures	2,900,283	3,034,811	2,839,289	195,522
Excess of Revenues Under Expenditures	(330,283)	(194,811)	(4,088)	190,723
<u>Other Financing Sources</u>				
Transfers In	330,283	80,283	85,986	5,703
Changes in Fund Balance	0	(114,528)	81,898	196,426
Fund Balance Beginning of Year	537,708	537,708	537,708	0
Fund Balance End of Year	\$537,708	\$423,180	\$619,606	\$196,426

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Alcohol, Drug Addiction, and Mental Health Services Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$842,500	\$868,500	\$868,414	(\$86)
Intergovernmental	1,597,513	1,971,889	1,951,092	(20,797)
Other	84,129	194,129	201,489	7,360
<b>Total Revenues</b>	<b>2,524,142</b>	<b>3,034,518</b>	<b>3,020,995</b>	<b>(13,523)</b>
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	3,065,567	3,075,943	2,978,076	97,867
Changes in Fund Balance	(541,425)	(41,425)	42,919	84,344
Fund Balance Beginning of Year	1,221,259	1,221,259	1,221,259	0
Prior Year Encumbrances Appropriated	340,926	340,926	340,926	0
<b>Fund Balance End of Year</b>	<b>\$1,020,760</b>	<b>\$1,520,760</b>	<b>\$1,605,104</b>	<b>\$84,344</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Developmental Disabilities Fund  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$3,410,000	\$3,410,000	\$3,513,994	\$103,994
Payment in Lieu of Taxes	10,557	10,557	10,557	0
Intergovernmental	2,973,034	2,900,603	2,857,775	(42,828)
Interest	15,000	8,600	9,453	853
Other	129,443	141,443	113,028	(28,415)
Total Revenues	6,538,034	6,471,203	6,504,807	33,604
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	7,760,275	7,754,018	7,073,731	680,287
Changes in Fund Balance	(1,222,241)	(1,282,815)	(568,924)	713,891
Fund Balance Beginning of Year	3,529,718	3,529,718	3,529,718	0
Fund Balance End of Year	\$2,307,477	\$2,246,903	\$2,960,794	\$713,891

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Fund Net Position  
Enterprise Funds  
December 31, 2016

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$67,628	\$21,343	\$88,971
Cash and Cash Equivalents in Segregated Accounts	0	22,275	22,275
Accounts Receivable	37,978	18,025	56,003
Due from Other Governments	402	0	402
Inventory Held for Resale	0	14,559	14,559
	106,008	76,202	182,210
<u>Non-Current Assets</u>			
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	268,399	0	268,399
Nondepreciable Capital Assets	61,465	57,400	118,865
Depreciable Capital Assets, Net	0	194,977	194,977
	329,864	252,377	582,241
Total Non-Current Assets	329,864	252,377	582,241
Total Assets	435,872	328,579	764,451
<u>Deferred Outflows of Resources</u>			
Pension	0	67,413	67,413
	0	67,413	67,413
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	1,860	8,979	10,839
Accounts Payable	6,101	4,371	10,472
Due to Other Governments	634	3,045	3,679
Interfund Payable	0	51	51
Compensated Absences Payable	1,935	5,034	6,969
Postclosure Costs Payable	82,465	0	82,465
	92,995	21,480	114,475
Total Current Liabilities	92,995	21,480	114,475
<u>Non-Current Liabilities</u>			
Net Pension Liability	0	174,755	174,755
Compensated Absences Payable	3,404	2,286	5,690
Postclosure Costs Payable	1,244,563	0	1,244,563
	1,247,967	177,041	1,425,008
Total Non-Current Liabilities	1,247,967	177,041	1,425,008
Total Liabilities	1,340,962	198,521	1,539,483
<u>Deferred Inflows of Resources</u>			
Pension	0	3,377	3,377
	0	3,377	3,377
<u>Net Position</u>			
Net Investment in Capital Assets	61,465	252,377	313,842
Unrestricted (Deficit)	(966,555)	(58,283)	(1,024,838)
	(905,090)	\$194,094	(\$710,996)
Total Net Position (Deficit)	(\$905,090)	\$194,094	(\$710,996)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended December 31, 2016

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Operating Revenues</u>			
Charges for Services	\$414,648	\$180,500	\$595,148
Sale of Recyclables	0	358,506	358,506
Other	0	1,266	1,266
	414,648	540,272	954,920
<u>Operating Expenses</u>			
Personal Services	58,687	214,578	273,265
Materials and Supplies	743	1,589	2,332
Contractual Services	59,090	19,241	78,331
Other	218,557	285,333	503,890
Depreciation	0	18,803	18,803
	337,077	539,544	876,621
Operating Income	77,571	728	78,299
<u>Non-Operating Revenues</u>			
Grants	0	60,000	60,000
Changes in Net Position	77,571	60,728	138,299
Net Position (Deficit) Beginning of Year	(982,661)	133,366	(849,295)
Net Position (Deficit) End of Year	(\$905,090)	\$194,094	(\$710,996)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2016

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$407,514	\$527,649	\$935,163
Cash Received from Other Revenues	0	1,266	1,266
Cash Payments for Personal Services	(56,319)	(206,695)	(263,014)
Cash Payments to Suppliers	(743)	(1,589)	(2,332)
Cash Payments for Contractual Services	(146,310)	(16,925)	(163,235)
Cash Payments for Other Expenses	(218,104)	(291,514)	(509,618)
Net Cash Provided by (Used for) Operating Activities	(13,962)	12,192	(1,770)
<u>Cash Flows from Noncapital Financing Activities</u>			
Grants	0	60,000	60,000
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	0	(43,400)	(43,400)
Net Increase (Decrease) in Cash and Cash Equivalents	(13,962)	28,792	14,830
Cash and Cash Equivalents Beginning of Year	349,989	14,826	364,815
Cash and Cash Equivalents End of Year	<u>\$336,027</u>	<u>\$43,618</u>	<u>\$379,645</u>
Reconciliation of Operating Income to <u>Net Cash Provided by (Used for) Operating Activities</u>			
Operating Income	<u>\$77,571</u>	<u>\$728</u>	<u>\$78,299</u>
Adjustments to Reconcile Operating Income to <u>Net Cash Provided by (Used for) Operating Activities</u>			
Depreciation	0	18,803	18,803
Changes in Assets and Liabilities			
Increase in Accounts Receivable	(6,732)	(11,357)	(18,089)
Increase in Due from Other Governments	(402)	0	(402)
Increase in Inventory Held for Resale	0	(3,593)	(3,593)
Increase (Decrease) in Accrued Wages Payable	1,136	(23)	1,113
Decrease in Accounts Payable	(6,056)	(323)	(6,379)
Decrease in Due to Other Governments	(247)	(1,087)	(1,334)
Increase in Interfund Payable	0	51	51
Increase (Decrease) in Compensated Absences Payable	1,479	(579)	900
Decrease in Postclosure Costs Payable	(80,711)	0	(80,711)
Decrease in Net Pension Liability	0	(1,467)	(1,467)
Decrease in Deferred Outflows - Pension	0	13,052	13,052
Decrease in Deferred Inflows - Pension	0	(2,013)	(2,013)
Total Adjustments	<u>(91,533)</u>	<u>11,464</u>	<u>(80,069)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$13,962)</u>	<u>\$12,192</u>	<u>(\$1,770)</u>
See Accompanying to the Basic Financial Statements			

Ashland County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2016

	Private Purpose Trust	Agency
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$20,058	\$2,396,733
Cash and Cash Equivalents in Segregated Accounts	0	1,068,896
Accrued Interest Receivable	13	0
Other Local Taxes Receivable	0	11,469
Due from Other Governments	0	2,059,276
Property Taxes Receivable	0	51,996,033
Special Assessments Receivable	0	703,478
	20,071	\$58,235,885
<u>Liabilities</u>		
Due to Other Governments	0	\$55,656,171
Due to External Parties	0	482
Undistributed Assets	0	2,579,232
	0	\$58,235,885
<u>Net Position</u>		
Held in Trust for Children's Services	20,071	
Total Net Position	\$20,071	

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Change in Fiduciary Net Position  
Private Purpose Trust Fund  
For the Year Ended December 31, 2016

<u>Additions</u>	
Interest	\$71
Other	20,000
	<hr/>
Total Additions	20,071
<u>Deductions</u>	<u>0</u>
Change in Net Position	20,071
Net Position Beginning of Year	<u>0</u>
Net Position End of Year	<u><u>\$20,071</u></u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 1 - Reporting Entity**

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

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

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Ashland County in 2016.

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 1 - Reporting Entity** (continued)

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

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

**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Proprietary Funds

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

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

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

The other enterprise fund of the County accounts for operations of the recycling center.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County's private purpose trust fund accounts for financial assistance to children in foster care. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days after year end.

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants and interest.

Unearned revenue represents amounts under the 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 these amounts have not yet been earned.

**Note 2 - Summary of Significant Accounting Policies** (continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension are reported on the government-wide and enterprise funds statement of net position and explained in Note 15 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

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

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

F. Cash and Investments

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

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

During 2016, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. Star Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. Star Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board Statement No. 79, “Certain External Investment Pools and Pool Participants”. The County measures the investment in Star Ohio at the net asset value (NAV) per share provided by Star Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$25 million. Star Ohio reserves the right to limit the transaction to \$50 million requiring the excess amount to be transacted the following business day(s) but only to the \$50 million limit. All accounts of the participant will be combined for this purpose.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2016 was \$59,759, which includes \$49,350 assigned from other County funds.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Inventory**

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

**I. Restricted Assets**

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

**J. Capital Assets**

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

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The County maintains a capitalization threshold of fifteen thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. The County reports all infrastructure, including that acquired prior to 1980.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

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

K. Interfund Receivables/Payables

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

L. Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**M. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and long-term loans are recognized as liabilities on the governmental fund financial statements when due.

**N. Net Position**

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

**O. Fund Balance**

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

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2017 budget. Certain resources have also been assigned for document recording, vehicle titling, and other miscellaneous purposes.

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

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

**P. Operating Revenues and Expenses**

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

**Q. Interfund Transactions**

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 - Summary of Significant Accounting Policies** (continued)

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

**R. Pension**

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

**S. Estimates**

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

**Note 3 - Change in Accounting Principles**

For 2016, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statement No. 67 and No. 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 79, "Certain External Investment Pools and Pool Participants", and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statement No. 67, No. 68, and No. 73".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for the purpose of providing those pensions. It also amends certain provisions of GASB Statement No. 67, "Financial Reporting for Pension Plans", and GASB Statement No. 68. The implementation of this statement did not result in any changes to the County's financial statements.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 3 - Change in Accounting Principles** (continued)

GASB Statement No. 76 identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this statement did not result in any changes to the County's financial statements.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any changes in the County's financial statements as the County does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure, for financial reporting purposes, all of their investments at amortized cost. This statement provides accounting and financial reporting guidance that also establishes additional note disclosure requirements for governments that participate in these pools. The County participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The County incorporated the corresponding GASB Statement No. 79 guidance into the 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 - Accountability and Compliance**

**A. Accountability**

At December 31, 2016, the Landfill enterprise fund had a deficit net position, in the amount of \$905,090. The deficit is due to reporting a liability for postclosure costs. There was an increase in net position for 2016.

**B. Compliance**

For the year ended December 31, 2016, the CHIP Grant special revenue fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$822. The Auditor will review appropriations to ensure they are within amounts available.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 4 - Accountability and Compliance** (continued)

The following funds had expenditures in excess of appropriations for the year ended December 31, 2016.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
Commissioners - Other Expenses	10,000	11,470	(1,470)
Alcohol, Drug Addiction, and Mental Health Services			
ADAMH - Settlement Fees	27,032	28,171	(1,139)
Senior Citizen Services	592,630	593,312	(682)

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

**Note 5 - Budgetary Basis of Accounting**

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 5 - Budgetary Basis of Accounting** (continued)

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

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$552,643	\$76,133	\$208,105	\$77,874	(\$598,640)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2015, Received in Cash 2016	750,481	324,407	0	5,543	8,436
Accrued 2016, Not Yet Received in Cash	(669,810)	(315,770)	(177,024)	(2,096)	(52,828)
Expenditure Accruals					
Accrued 2015, Paid in Cash 2016	(347,414)	(166,471)	153,586	(114,914)	(174,867)
Accrued 2016, Not Yet Paid in Cash	327,765	148,914	(104,130)	125,426	243,604
Cash Adjustments					
Unrecorded Activity 2015	117,708	3,027	1,010	27,793	112,094
Unrecorded Activity 2016	(88,294)	(1,256)	(122)	(26,370)	(106,492)
Prepaid Items	(181,369)	0	0	0	0
Materials and Supplies Inventory	493	213,493	473	0	(231)
Encumbrances Outstanding at Year End (Budget Basis)	(186,553)	(78,202)	0	(50,337)	0
Budget Basis	<u>\$275,650</u>	<u>\$204,275</u>	<u>\$81,898</u>	<u>\$42,919</u>	<u>(\$568,924)</u>

**Note 6 - Deposits and Investments**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 6 - Deposits and Investments** (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 6 - Deposits and Investments** (continued)

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,966,537 of the County's bank balance of \$9,647,375 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Investments

As of December 31, 2016, the County had the following investments:

Fair Value	Measurement Amount	Maturity
Federal Farm Credit Bank Notes	\$496,535	11/19/18
Federal Farm Credit Bank Notes	499,445	1/25/19
Federal Farm Credit Bank Notes	492,665	7/12/19
Federal Farm Credit Bank Notes	492,525	9/12/19
Federal Farm Credit Bank Notes	494,785	9/26/19
Federal Farm Credit Bank Notes	490,060	5/19/20

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 6 - Deposits and Investments** (continued)

	Measurement Amount	Maturity
Fair Value (continued)		
Federal Home Loan Bank Notes	\$500,635	7/7/17
Federal Home Loan Bank Notes	499,750	10/27/17
Federal Home Loan Bank Notes	998,625	6/29/18
Federal Home Loan Mortgage Corporation Notes	500,020	6/28/19
Federal Home Loan Mortgage Corporation Notes	492,050	9/30/19
Federal National Mortgage Association Notes	494,580	1/25/19
Federal National Mortgage Association Notes	494,640	6/28/19
Net Value Per Share		
STAR Ohio	3,462,253	51.6 Days
	\$10,408,568	

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2016. All of the County's investments measured at fair value are valued using significant observable inputs (Level 2 inputs).

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

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

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

	Fair Value	Percentage of Portfolio
Federal Farm Credit Bank	\$2,966,015	28.50%
Federal Home Loan Bank	1,999,010	19.21
Federal Home Loan Mortgage Corporation	992,070	9.53
Federal National Mortgage Association	989,220	9.50

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 7 - Receivables**

Receivables at December 31, 2016, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; amounts due from external parties; interfund; and property taxes. All receivables are considered fully collectible within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$290,506
City of Ashland	894
Casino Tax	141,116
Public Defender Grant	18,132
Homestead and Rollback	165,980
Total General Fund	616,628
Motor Vehicle and Gasoline Tax	
Gasoline Tax	1,171,704
Motor Vehicle License Fees	916,917
Orange Township	5,530
Total Motor Vehicle and Gasoline Tax	2,094,151
Job and Family Services	
Public Assistance Grant	294,561
Alcohol, Drug Addiction, and Mental Health Services	
Homestead and Rollback	60,378
Access II	19,513
State of Ohio	4,479
Total Alcohol, Drug Addiction, and Mental Health Services	84,370
Developmental Disabilities	
Title XX	11,188
Family Resources/Respite	20,385
Homestead and Rollback	235,427
State of Ohio	45,002
Total Developmental Disabilities	312,002
Total Major Funds	3,401,712
Nonmajor Funds	
Law Library	
City Fines	4,435
Victims of Crime	
Victims of Crime Grant	5,769
Children Services	
Foster Care Reimbursement	66,837
Community Housing Improvement Program	
Community Housing Improvement Program	24,510
Child Support Enforcement Agency	
Child Support Enforcement Agency	51,019
Workforce Investment Act	
Workforce Investment Act	25,561
Senior Citizens Services	
Homestead and Rollback	36,153

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 7 - Receivables** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Felony Delinquent Care	
RECLAIM Grant	\$65,457
Community Corrections	
Community Corrections Grant	55,273
County Jail	
County Sheriff	5,791
Capital Projects	
Casino Tax	141,116
Total Nonmajor Funds	481,921
Total Governmental Activities	\$3,883,633
Business-Type Activities	
Landfill	
Solid Waste Fees	\$402
	\$402
Agency Funds	
Local Government	\$783,926
Library Local Government	336,800
Gasoline Tax	652,652
Motor Vehicle License Fees	256,574
Permissive Motor Vehicle License Tax	9,480
Homestead and Rollback	19,844
Total Agency Funds	\$2,059,276

**Note 8 - Permissive Sales and Use Tax**

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

**Note 9 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Ashland County  
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For the Year Ended December 31, 2016

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**Note 9 - Property Taxes** (continued)

Public utility property tax revenues received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2014, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2016, was \$9.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

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

**Note 10 - Payment in Lieu of Taxes**

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

Ashland County  
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For the Year Ended December 31, 2016

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
<b>Governmental Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	0	445,331	0	445,331
<b>Total Nondepreciable Capital Assets</b>	<b>820,937</b>	<b>445,331</b>	<b>0</b>	<b>1,266,268</b>
<b>Depreciable Capital Assets</b>				
Land Improvements	285,596	0	0	285,596
Buildings	20,883,989	0	0	20,883,989
Building Improvements	1,490,726	494,812	0	1,985,538
Roads	49,438,840	893,905	0	50,332,745
Bridges	15,426,914	301,367	(139,260)	15,589,021
Equipment	2,892,491	42,900	0	2,935,391
Vehicles	3,147,185	186,098	(52,276)	3,281,007
<b>Total Depreciable Capital Assets</b>	<b>93,565,741</b>	<b>1,919,082</b>	<b>(191,536)</b>	<b>95,293,287</b>
<b>Less Accumulated Depreciation for</b>				
Land Improvements	(109,236)	(11,100)	0	(120,336)
Buildings	(9,016,083)	(448,286)	0	(9,464,369)
Building Improvements	(1,044,113)	(34,651)	0	(1,078,764)
Roads	(35,749,262)	(1,916,119)	0	(37,665,381)
Bridges	(8,756,171)	(311,780)	100,267	(8,967,684)
Equipment	(2,140,997)	(83,477)	0	(2,224,474)
Vehicles	(2,422,221)	(135,450)	39,026	(2,518,645)
<b>Total Accumulated Depreciation</b>	<b>(59,238,083)</b>	<b>(2,940,863)</b>	<b>139,293</b>	<b>(62,039,653)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>34,327,658</b>	<b>(1,021,781)</b>	<b>(52,243)</b>	<b>33,253,634</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$35,148,595</b>	<b>(\$576,450)</b>	<b>(\$52,243)</b>	<b>\$34,519,902</b>
<b>Business-Type Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$118,865	\$0	\$0	\$118,865
<b>Depreciable Capital Assets</b>				
Land Improvements	49,072	0	0	49,072
Buildings	250,510	0	0	250,510
Equipment	427,591	0	0	427,591
Vehicles	141,557	43,400	0	184,957
<b>Total Depreciable Capital Assets</b>	<b>868,730</b>	<b>43,400</b>	<b>0</b>	<b>912,130</b>
<b>Less Accumulated Depreciation for</b>				
Land Improvements	(49,072)	0	0	(49,072)
Buildings	(104,379)	(4,175)	0	(108,554)
Equipment	(409,742)	(6,188)	0	(415,930)
Vehicles	(135,157)	(8,440)	0	(143,597)
<b>Total Accumulated Depreciation</b>	<b>(698,350)</b>	<b>(18,803)</b>	<b>0</b>	<b>(717,153)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>170,380</b>	<b>24,597</b>	<b>0</b>	<b>194,977</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$289,245</b>	<b>\$24,597</b>	<b>\$0</b>	<b>\$313,842</b>

Ashland County  
Notes to the Basic Financial Statements  
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**Note 11 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$76,165
Judicial	11,979
Public Safety	
Sheriff	312,903
Public Works	2,382,803
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	89,747
Other	1,219
Human Services	
Job and Family Services	35,030
Other	2,693
Conservation and Recreation	19,261
Total Depreciation Expense - Governmental Activities	\$2,940,863

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$18,803

**Note 12 - Interfund Receivables/Payables**

Interfund balances at December 31, 2016, consisted of the following receivables and payables:

Due to General Fund from:	
Other Governmental Funds	\$3,827
Due to Motor Vehicle and Gasoline Tax Fund from:	
General Fund	\$1,228
Job and Family Services	308
Total Motor Vehicle and Gasoline Tax Fund	\$1,536
Due to Job and Family Services Fund from:	
Other Governmental Funds	\$254,934
Due to Developmental Disabilities Fund from:	
Other Enterprise	\$51
Due to Other Governmental Funds from:	
Other Governmental Funds	\$13,651

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 12 - Interfund Receivables/Payables** (continued)

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

The amounts due to Motor Vehicle and Gasoline Tax Fund, Developmental Disabilities Fund, and other governmental funds resulted from the time lag between dates that payments between funds are made. This amount is expected to be received within one year.

**Note 13 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Cyber Liability	1,000,000
Building and Contents	102,005,265
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

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

For 2016, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 13 - Risk Management** (continued)

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

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

**Note 14 - Significant Commitments**

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2017 are as follows:

General Fund	\$186,553
Motor Vehicle and Gasoline Tax Fund	78,202
Alcohol, Drug Addiction, and Mental Health Services Fund	50,337
Other Governmental Funds	307,579
	<u>\$622,671</u>

**Note 15 - Defined Benefit Pension Plans**

**Net Pension Liability**

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

The 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.

**Note 15 - Defined Benefit Pension Plans** (continued)

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

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

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

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 15 - Defined Benefit Pension Plans** (continued)

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 including requirements for reduced and unreduced benefits).

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

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 15 - Defined Benefit Pension Plans** (continued)

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

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer			
Pension	12.0 %	16.1 %	16.1 %
Postemployment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

- \* This rate is determined by OPERS' Board and has no maximum rate established by the ORC.
- \*\* This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$1,532,356 for 2016. Of this amount, \$190,817 is reported as an intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)**

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

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

Ashland County  
Notes to the Basic Financial Statements  
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**Note 15 - Defined Benefit Pension Plans** (continued)

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

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

The CP offers features of both the DBP and the DCP. In the CP, 11.5 percent of the 13 percent member rate goes to the DCP and 1.5 percent goes to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty or later.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2016, the employer rate was 14 percent and the member rate was 13 percent of covered payroll. The statutory employer rate for fiscal year 2017 and subsequent years is 14 percent. The statutory member contribution rate increased to 14 percent on July 1, 2016. The 2016 contribution rates were equal to the statutory maximum rates.

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**Note 15 - Defined Benefit Pension Plans** (continued)

The County's contractually required contribution to STRS was \$39,331 for 2016; 100 percent has been contributed for 2016.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the net pension liability for STRS was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plans relative to the contributions of all participating entities. 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			
Current Measurement Date	0.10089046%	0.00559366%	
Prior Measurement Date	0.09998300%	0.00632302%	
Change in Proportionate Share	<u>0.00090746%</u>	<u>0.00072936%</u>	
Proportionate Share of the Net			
Pension Liability	\$17,475,500	\$1,872,367	\$19,347,867
Pension Expense	\$2,489,518	(\$22,694)	\$2,466,824

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$5,136,705	\$231,110	\$5,367,815
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	72,214	5,473	77,687
County Contributions Subsequent to the Measurement Date	<u>1,532,356</u>	<u>39,331</u>	<u>1,571,687</u>
Total Deferred Outflows of Resources	<u>\$6,741,275</u>	<u>\$275,914</u>	<u>\$7,017,189</u>
<b>Deferred Inflows of Resources</b>			
Difference Between Expected and Actual Experience	\$337,661	\$0	\$337,661
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	<u>0</u>	<u>166,761</u>	<u>166,761</u>
Total Deferred Inflows of Resources	<u>\$337,661</u>	<u>\$166,761</u>	<u>\$504,422</u>

Ashland County  
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**Note 15 - Defined Benefit Pension Plans** (continued)

\$1,571,687 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Year Ending December 31,	OPERS	STRS	Total
2017	\$1,156,767	(\$3,274)	\$1,153,493
2018	1,238,903	(3,274)	1,235,629
2019	1,313,151	56,378	1,369,529
2020	1,162,437	19,992	1,182,429
Total	\$4,871,258	\$69,822	\$4,941,080

**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 was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	8 percent
Actuarial Cost Method	individual entry age

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

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

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**Note 15 - Defined Benefit Pension Plans** (continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefits portfolio includes the investment assets of the traditional pension plan, the defined benefit component of the combined plan, the annuitized accounts of the member-directed plan, and the VEBA Trust. Within the Defined Benefits portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expenses, for the Defined Benefits portfolio was .4 percent for 2015.

The allocation of investment assets with the Defined Benefits portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan. The table below displays the board approved asset allocation policy for 2015 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	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

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

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**Note 15 - Defined Benefit Pension Plans** (continued)

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$27,842,741	\$17,475,500	\$8,731,061

**Changes Between Measurement Date and Report Date**

In October 2016, the OPERS Board adopted certain assumption changes which will impact the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County's net pension liability is expected to be significant.

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2016, 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 eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study effective July 1, 2012.

Ashland County  
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**Note 15 - Defined Benefit Pension Plans** (continued)

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

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

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and, therefore, is not a weighted average return of the individual asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's Proportionate Share of the Net Pension Liability	\$2,488,223	\$1,872,367	\$1,352,855

**NOTE 16 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**NOTE 16 - Postemployment Benefits** (continued)

At the beginning of 2016, OPERS maintained 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. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. As recommended by the OPERS actuary, the portion of the employer contribution allocated to health care beginning January 1, 2016, remained at 2 percent for both the traditional and combined 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a retiree medical account for member-directed plan members. The employer contribution as a percentage of covered payroll deposited into the retiree medical accounts for 2016 was 4 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Health Care Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2016, reflects a partial year of activity in the 401(h) Health Care Trust and the VEBA Trust prior to the termination of these trust as of the end of the business day June 30, 2016, and the assets and liabilities or net position of these trusts being consolidated into the 115 Health Care Trust on July 1, 2016.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$242,902, \$240,128, and \$233,647, respectively. For 2016, 87 percent has been contributed. The full amount has been contributed for 2015 and 2014.

**B. State Teachers Retirement System**

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan participants, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2016 and 2015, STRS did not allocate any employer contributions to postemployment health care. For 2014, 1 percent of covered payroll was allocated to postemployment health care. The County's contribution for health care for the years ended December 31, 2016, 2015, and 2014 were \$0, \$0, and \$6,555, respectively. The full amount has been contributed for all three years.

Ashland County  
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**Note 17 - Other Employer Benefits**

**A. Compensated Absences**

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

**B. Employee Health Insurance**

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

**Note 18 - Long-Term Obligations**

The County's long-term obligations activity for the year ended December 31, 2016, was as follows:

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
<b><u>Governmental Activities</u></b>						
<b>General Obligation Bonds</b>						
2011 County Jail (Original Amount \$2,265,000)	1.0-3.0%	\$915,000	\$0	\$355,000	\$560,000	\$360,000
<b>Other Long-Term Obligations</b>						
<b>Net Pension Liability</b>						
Ohio Public Employees Retirement System		11,938,477	5,362,268	0	17,300,745	0
State Teachers Retirement System		1,747,497	124,870	0	1,872,367	0
<b>Total Net Pension Liability</b>		<b>13,685,974</b>	<b>5,487,138</b>	<b>0</b>	<b>19,173,112</b>	<b>0</b>
Loan Payable		94,434	0	7,500	86,934	10,000
Compensated Absences		1,250,449	130,865	147,907	1,233,407	347,757
<b>Total Other Long-Term Obligations</b>		<b>15,030,857</b>	<b>5,618,003</b>	<b>155,407</b>	<b>20,493,453</b>	<b>357,757</b>
<b>Total Governmental Activities</b>		<b>\$15,945,857</b>	<b>\$5,618,003</b>	<b>\$510,407</b>	<b>\$21,053,453</b>	<b>\$717,757</b>

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**Note 18 - Long-Term Obligations** (continued)

	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
<u>Business-Type Activities</u>						
Net Pension Liability						
Ohio Public Employees Retirement System		\$120,590	\$54,165	\$0	\$174,755	\$0
Compensated Absences		11,759	3,430	2,530	12,659	6,969
Closure/Postclosure Costs		1,407,739	0	80,711	1,327,028	82,465
Total Business-Type Activities		<u>\$1,540,088</u>	<u>\$57,595</u>	<u>\$83,241</u>	<u>\$1,514,442</u>	<u>\$89,434</u>

General Obligation Bonds

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

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

Net Pension Liability

There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the General Fund; the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Developmental Disabilities; Dog and Kennel; Real Estate Assessment; CPC 4D CSEA Grant; Sheriff 4D CSEA Grant; Law Library; County Sheriff; Victims of Crime; Probation Services; CDBG; Child Support Enforcement Agency; Sheriff Gun Permit; CPC Special Projects; DRETAC; Juvenile Court; Felony Delinquent Care/Custody, and Jail Operating special revenue funds and the Landfill and Recycling enterprise funds.

Loan Payable

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

Compensated Absences

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund; the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Developmental Disabilities; Dog and Kennel; Real Estate Assessment; CPC 4D CSEA Grant; Sheriff 4D CSEA Grant; County Sheriff; Victims of Crime; CDBG; Child Support Enforcement Agency; Sheriff Gun Permit; DRETAC; Juvenile Court; Felony Delinquent Care/Custody, and Jail Operating special revenue funds and the Landfill and Recycling enterprise funds.

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**Note 18 - Long-Term Obligations** (continued)

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

	General Obligation Bonds		Loan Payable
	Principal	Interest	Principal
2017	\$360,000	\$11,040	\$10,000
2018	200,000	3,000	10,000
2019	0	0	10,000
2020	0	0	10,000
2021	0	0	10,000
2022-2025	0	0	36,934
	\$560,000	\$14,040	\$86,934

The County's legal debt margin at December 31, 2016, was \$24,147,371.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2016
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$2,400,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	3,395,000
Bretheran Care, Inc.	1/1/05	16,160,000	9,570,000
		\$24,870,000	\$15,365,000

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

**Note 19 - Postclosure Costs**

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,327,028 reported as the landfill postclosure liability at December 31, 2016, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2016, liability decreased from the prior year by \$80,711.

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

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**Note 20 - Interfund Transfers**

During 2016, the General Fund made transfers to the Job and Family Services special revenue fund, in the amount of \$85,986, and to other governmental funds, in the amount of \$1,030,000, to subsidize operations in those funds.

**Note 21 - Fund Balance**

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Prepaid Items	\$248,356	\$0	\$0	\$0
Materials and Supplies				
Inventory	28,396	688,237	6,410	0
Unclaimed Monies	68,342	0	0	0
Total Nonspendable	<u>345,094</u>	<u>688,237</u>	<u>6,410</u>	<u>0</u>
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,558,481
Job and Family Services Operations	0	0	900,882	0
Road and Bridge Repair/ Improvement	0	1,392,303	0	0
Sheriff Operations	14,045	0	0	0
Total Restricted	<u>14,045</u>	<u>1,392,303</u>	<u>900,882</u>	<u>1,558,481</u>
Committed to:				
Bi/Tri Centennial	<u>2,147</u>	<u>0</u>	<u>0</u>	<u>0</u>
Assigned for:				
Document Recording	65,793	0	0	0
Projected Budget Shortage	2,078,082	0	0	0
Sheriff Operations	50,450	0	0	0
Unpaid Obligations	126,605	0	0	0
Vehicle Titling	76,842	0	0	0
Total Assigned	<u>2,397,772</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>1,634,467</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>\$4,393,525</u>	<u>\$2,080,540</u>	<u>\$907,292</u>	<u>\$1,558,481</u>

Ashland County  
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**Note 21 - Fund Balance** (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	\$12,202	\$4,046
Restricted for:		
Board of Elections	0	10
Child Support Enforcement	0	828,466
Court Operations	0	738,357
Crime Victims Assistance	0	9,041
Debt Retirement	0	356,464
Delinquent Tax Collections	0	104,554
Developmental Disabilities Operations	2,876,510	0
Dog and Kennel Operations	0	41,485
Economic Development	0	41,103
Emergency Management Agency	0	18,280
Job and Family Services Operations	0	344,950
Real Estate Assessments	0	1,225,423
Senior Citizens	0	15,792
Sheriff Operations	0	591,400
<b>Total Restricted</b>	<b>2,876,510</b>	<b>4,315,325</b>
Committed to:		
Road and Bridge Repair/ Improvement	0	10,292
Capital Projects	0	1,237,754
Student Scholarships	0	6,210
<b>Total Committed</b>	<b>0</b>	<b>1,254,256</b>
<b>Total Fund Balance</b>	<b>\$2,888,712</b>	<b>\$5,573,627</b>

**Note 22 - Jointly Governed Organizations**

**A. Northern Ohio Juvenile Community Corrections Facility**

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

**B. Ashland Community Improvement Corporation**

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

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

**C. Ashland Area Council for Economic Development**

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2016, the County contributed \$41,330 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

**Note 23 - Insurance Pools**

**A. County Risk Sharing Authority, Inc.**

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

Ashland County  
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**Note 23 - Insurance Pools** (continued)

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

B. County Commissioners Association of Ohio Service Corporation

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

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

C. County Employee Benefits Consortium of Ohio, Inc.

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

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

Ashland County  
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**Note 24 - Related Organization**

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2016, this allocation was \$37,000.

**Note 25 - Contingent Liabilities**

**A. Litigation**

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

**B. Federal and State Grants**

For the period January 1, 2016, to December 31, 2016, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

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

	2016	2015	2014
County's Proportion of the Net Pension Liability	0.10089046%	0.09998300%	0.09998300%
County's Proportionate Share of the Net Pension Liability	\$17,475,500	\$12,059,067	\$11,786,693
County's Covered Payroll	\$12,006,391	\$11,682,338	\$12,083,581
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	145.55%	103.22%	97.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.00559366%	0.00632302%	0.00629111%	0.00629111%
County's Proportionate Share of the Net Pension Liability	\$1,872,367	\$1,747,497	\$1,530,216	\$1,822,783
County's Covered Payroll	\$588,557	\$659,700	\$692,223	\$665,277
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	318.13%	264.89%	221.06%	273.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Ashland County  
Required Supplementary Information  
Schedule of the County's Contributions  
Ohio Public Employees Retirement System - Traditional Plan  
Last Four Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,532,356	\$1,512,762	\$1,474,833	\$1,645,783
Contributions in Relation to the Contractually Required Contribution	<u>(1,532,356)</u>	<u>(1,512,762)</u>	<u>(1,474,833)</u>	<u>(1,645,783)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$12,145,083	\$12,006,391	\$11,682,338	\$12,083,581
Contributions as a Percentage of Covered Payroll	12.62%	12.60%	12.62%	13.62%

(1) Information prior to 2013 is not available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$81,584	\$92,009	\$88,232	\$84,453
Contributions in Relation to the Contractually Required Contribution	<u>(81,584)</u>	<u>(92,009)</u>	<u>(88,232)</u>	<u>(84,453)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$582,743	\$657,207	\$655,515	\$649,638
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.46%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$88,518	\$105,369	\$102,238	\$106,889	\$97,776	\$85,591
<u>(88,518)</u>	<u>(105,369)</u>	<u>(102,238)</u>	<u>(106,889)</u>	<u>(97,776)</u>	<u>(85,591)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$680,908	\$810,531	\$786,446	\$822,223	\$752,123	\$658,392
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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ASHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>(Passed through the Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program	14.228	B-W-13-1AC-1 B-F-15-1AC-1 B-C-13-1AC-1	\$	96,300 61,654 136,603
Total Community Development Block Grants/State's Program				<u>294,557</u>
Home Investment Partnerships Program	14.239	B-C-13-1AC-2		<u>301,553</u>
Total U.S. Department of Housing and Urban Development				<u><b>596,110</b></u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>(Passed through Ohio Attorney General)</i>				
Crime Victim Assistance	16.575	2017-VOCA-43556333 2015-SVAA-19810840 2015-VOCA-19810803 2017-SVAA-43556338		8,521 3,174 24,438 941
Total Crime Victim Assistance				<u>37,074</u>
Total U.S. Department of Justice				<u><b>37,074</b></u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
<i>(Passed through the Ohio Emergency Management Agency)</i>				
Emergency Management Performance Grants	97.042	EMW-2014-EP-00064		<u>29,307</u>
Total U.S. Department of Homeland Security				<u><b>29,307</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>(Passed through the Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education_Grants to States	84.027	N/A		42,250
Special Education_Preschool Grants	84.173	N/A		<u>7,936</u>
Total Special Education Cluster				<u>50,186</u>
Total U.S. Department of Education				<u><b>50,186</b></u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>(Passed through the Ohio Department of Education)</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A		19,597
School Breakfast Program	10.553	N/A		<u>9,705</u>
Total Child Nutrition Cluster				<u>29,302</u>
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	16162OH102S2514 / 1720H102S2514		<u>243,750</u>
Total U.S. Department of Agriculture				<u><b>273,052</b></u>

ASHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>				
Promoting Safe and Stable Families	93.556	1604OHPSS / 1704OHPSS		16,025
Temporary Assistance for Needy Families Cluster	93.558	1604OHTANF / 1704OHTANF	\$ 299,334	876,785
Child Support Enforcement	93.563	1604OHCSES / 1704OHCSES		356,633
Child Care and Development Block Grant (CCDF Cluster)	93.575	1601OHCCDF / 1701OHCCDF		16,469
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1601OHCWSS		52,756
Foster Care_ Title IV-E	93.658	1601OHFOST / 1701OHFOST		594,868
Adoption Assistance	93.659	1601OHADPT / 1701OHADPT		110,417
Medicaid Cluster:				
Medical Assistance Program (Passed through the Ohio Department of Job and Family Services)	93.778	OH20161 / 1705OH5MAP		444,521
Medical Assistance Program (Passed through the Ohio Department of Developmental Disabilities)	93.778	N/A		129,758
Total Medicaid Cluster				<u>574,279</u>
Social Services Block Grant (Passed through the Ohio Department of Job and Family Services)	93.667	1601OHSOSR / 1701OHSOSR		368,235
Social Services Block Grant (Passed through the Ohio Department of Mental Health)	93.667	N/A		13,013
Social Services Block Grant (Passed through the Ohio Department of Developmental Disabilities)	93.667	N/A		38,129
Total Social Services Block Grant				<u>419,377</u>
<i>(Passed through the Ohio Department of Mental Health)</i>				
Block Grants for Community Mental Health Services	93.958	N/A		<u>34,690</u>
<i>(Passed through the Ohio Department of Alcohol and Drug Addition Services)</i>				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A		<u>256,772</u>
Total U.S. Department of Health and Human Services			<u>299,334</u>	<u>3,309,071</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>(Passed through the Ohio Department of Transportation)</i>				
Highway Planning and Construction Cluster	20.205	103077		423,064
Total U.S. Department of Transportation				<u>423,064</u>
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>(Passed through the Ohio Department of Job and Family Services)</i>				
<i>(Passed through Area 7 Workforce Investment Board)</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES275101555A39 / ES294311655A39		21,883
Workforce Investment Act Cluster:				
Workforce Investment Act Adult Program	17.258	AA267991555A39 / AA283361655A39		69,015
Workforce Investment Act Adult Program - Admin				834
Total Workforce Investment Act Adult Program				<u>69,849</u>
Workforce Investment Act Youth Activities	17.259	AA267991555A39 / AA283361655A39	132,779	132,779
Workforce Investment Act Dislocated Worker Formula Grants	17.278	AA267991555A39 / AA283361655A39		100,244
Workforce Investment Act Dislocated Worker Formula Grants - Admin				1,270
Total Workforce Investment Act Dislocated Worker Formula Grants				<u>101,514</u>
Total Workforce Investment Act Cluster				<u>304,142</u>
Total U.S. Department of Labor			<u>132,779</u>	<u>326,025</u>
TOTAL			<u>\$ 432,113</u>	<u>\$ 5,043,889</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**ASHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ashland County (the County) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. 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 the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E - MATCHING REQUIREMENTS**

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

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# Dave Yost • Auditor of State

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

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 9, 2017.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2017



# Dave Yost • Auditor of State

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

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

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

We have audited Ashland County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Ashland County's major federal programs for the year ended December 31, 2016. 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.

***Unmodified Opinion on Each Major Federal Program***

In our opinion, Ashland County complied in all material respects with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

***Report on Internal Control over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program 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

August 9, 2017

**ASHLAND COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2016**

**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):	State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) – CFDA # 10.561 Highway Planning and Construction Cluster – CFDA # 20.205 Temporary Assistance for Needy Families Cluster – CFDA # 93.558 Foster Care – CFDA # 93.658
<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

**ASHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	24 CFR 85.20(b)(7) – Advances of grant funds were not timely disbursed.	Corrective Action Taken and Finding is Fully Corrected	
2015-002	24 CFR 85.32(d)(1) – Failure to record equipment purchased with federal funds to the County's inventory listing.	Corrective Action Taken and Finding is Fully Corrected	



# Dave Yost • Auditor of State

ASHLAND COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 19, 2017