

South Central Ohio Job and Family Services
Ross County
Single Audit
For the Fiscal Year Ended June 30, 2016



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Dave Yost • Auditor of State

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Ste B
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the South Central Ohio Job and Family Services, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

May 15, 2017

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South Central Ohio Job and Family Services
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Independent Auditor's Report

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Ohio Job and Family Services, Ross County, Ohio (the Board), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Ohio Job and Family Services, Ross County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with 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 that the management's discussion and analysis on pages 4 through 14, the schedule of the Board's proportionate share of net pension liability on page 51, and the schedule of the Board contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The budgetary comparison schedules and the Federal Awards Expenditures Schedule, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the Federal Awards Expenditures Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and the Federal Awards Expenditures Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2017 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Robyn Roush". The signature is fluid and cursive, with the first name "Robyn" and last name "Roush" clearly distinguishable.

Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

April 4, 2017

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016 (Unaudited)

The discussion and analysis of the South Central Ohio Job and Family Services' (the Board) financial performance provides an overview and analysis of the Board's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Board's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The liabilities and deferred inflows of resources of South Central Ohio Job and Family Services exceeded its assets and deferred outflows of resources at June 30, 2016 by \$5,188,613.
- ▶ In total, net position of governmental activities decreased by \$850,707 or 19.61 percent.
- ▶ Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,006,892 or 92.16 percent of total revenues.
- ▶ The Board had \$23,644,766 in expenses related to governmental activities; \$21,006,892 of these expenses was offset by programs specific charges for services, grants and contributions. General revenues (primarily taxes) of \$1,787,167 were utilized to provide for these programs.
- ▶ The Board recognizes five major governmental funds: the Public Assistance Fund, the Child Support Fund, the Children's Services Fund, the Workforce Development Fund and the Help Me Grow Fund. In terms of dollars received and spent, the Public Assistance Fund is significantly larger than all the other funds of the Board. The Public Assistance Fund had \$14,271,675 in revenues and \$15,795,369 in expenditures in fiscal year 2016.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand South Central Ohio Job and Family Services as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

Reporting the Board as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. These statements include all assets, liabilities, and certain deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the Board's assets, liabilities, and certain deferred inflows and outflows of resources with the difference reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the Board as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Board's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded programs, and other factors. Ultimately, the Board's goal is to provide services to our citizens, not to generate profits as commercial entities do.

The statement of activities presents information showing how the Board's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the Board's activities are shown as governmental activities. All of the Board's programs and services are reported here including public assistance, workforce development, children's services, help me grow programs, and child support enforcement. These services are funded primarily by taxes, charges for services, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the Board's Most Significant Funds

Fund Financial Statements

The analysis of the Board's major funds begins on page 12. Fund financial statements provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the Public Assistance, Child Support, Children's Services, Workforce Development and Help Me Grow Funds.

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

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
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(Unaudited)*

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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

Fiduciary Funds

The Board's fiduciary fund is a private purpose trust. The Board's fiduciary fund is reported in separate financial statements. We exclude these activities from the Board's other financial statements because the Board cannot use these assets to finance its operations. The Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Board as a whole, showing assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the Board's net position at June 30, 2016 and provides a comparison to June 30, 2015.

Table 1
Net Position at Year End

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<u>Assets:</u>		
Current and Other Assets	\$3,904,747	\$3,508,701
Capital Assets, net	126,215	167,088
<i>Total Assets</i>	<u>4,030,962</u>	<u>3,675,789</u>
<u>Deferred Outflows of Resources:</u>	<u>3,040,635</u>	<u>1,014,281</u>
<u>Liabilities:</u>		
Other Liabilities	\$2,188,969	\$1,588,859
<i>Long-Term Liabilities:</i>		
Due Within One Year	527,075	554,208
<i>Due in More Than One Year:</i>		
Net Pension	8,919,372	6,472,577
Other Amounts	266,246	293,866
<i>Total Liabilities</i>	<u>11,901,662</u>	<u>8,909,510</u>
<u>Deferred Inflows of Resources:</u>	<u>358,548</u>	<u>118,466</u>
<u>Net Position:</u>		
Investment in Capital Assets	126,215	162,417
Restricted	1,775,199	1,148,117
Unrestricted (Deficit)	(7,090,027)	(5,648,440)
<i>Total Net Position</i>	<u><u>(\$5,188,613)</u></u>	<u><u>(\$4,337,906)</u></u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

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

Under the new standards required by GASB Statement No. 68, the net pension liability equals the Board's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange"-that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government as a liability since they received the benefit of the exchange. However, the Board is not the 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 knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension 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 Board's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of GASB Statement No. 68, the Board is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

(Unaudited)

Current and other assets increased \$396,046 or 11.29 percent from fiscal year 2015 due to increases in intergovernmental receivable and property taxes receivable, which were partially offset by a decrease in cash and cash equivalents.

Capital assets decreased by \$40,873 or 24.46 percent during fiscal year 2016 due to the disposal of a copier and two vehicles and current year depreciation, which was partially offset by additions of three vehicles.

Current (other) liabilities increased by \$600,110 or 37.77 percent due primarily to increases in accounts payable and intergovernmental payable.

Long-term liabilities increased by \$2,392,042 or 32.68 percent due primarily to an increase in net pension liability.

Net position of \$126,215 is related to investment in capital assets. The Board used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The net position of \$1,775,199 is restricted. Restricted net position is subject to external restrictions on how it may be used.

The remaining deficit of \$7,090,027 is unrestricted net position. Unrestricted net position represents resources that may be used to meet the Board's ongoing obligations to its creditors.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
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Table 2 shows the changes in net position for fiscal year 2016 and provides a comparison to fiscal year 2015.

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
<u>Revenues:</u>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$880,520	\$1,079,075
Operating Grants and Contributions	20,126,372	19,481,598
<i>General Revenues:</i>		
Property Taxes	863,361	739,886
Grants & Entitlements Not Restricted	368,788	230,990
Refunds	14,602	45,442
Miscellaneous	540,416	293,678
<i>Total Revenues</i>	<u>22,794,059</u>	<u>21,870,669</u>
<u>Expenses:</u>		
<i>Program Expenses:</i>		
Public Assistance	16,351,430	14,615,192
Child Support	2,073,706	2,102,517
Children's Services	4,388,581	3,799,240
Workforce Development	689,467	704,380
Help Me Grow	141,410	188,421
Interest and Fiscal Charges	172	950
<i>Total Expenses</i>	<u>23,644,766</u>	<u>21,410,700</u>
<i>Change in Net Position</i>	(850,707)	459,969
Net Position - Beginning of Year	<u>(4,337,906)</u>	<u>(4,797,875)</u>
Net Position - End of Year	<u><u>(\$5,188,613)</u></u>	<u><u>(\$4,337,906)</u></u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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The most significant program expenses for the Board are Public Assistance, Children's Services, and Child Support. These programs account for 96.48 percent of the total governmental activities. Public Assistance, which accounts for 69.15 percent of the total, represents costs associated with providing public assistance to eligible recipients in the programs of Cash Assistance, Food Assistance, Medicaid, and Non-Emergency Medicaid Transportation. Children's Services, which represents 18.56 percent of the total, represent costs associated with providing foster care and other services for neglected, battered and abused children. Child Support, which represents 8.77 percent of the total, represents costs associated with providing reimbursements of expenditures for child support enforcement operations.

The Board had program revenue of \$21,006,892, and general revenue of \$1,787,167.

The total expenses for governmental activities were \$23,644,766, which is an increase of \$2,234,066 or 10.43 percent from 2015.

Governmental Activities

The Board is heavily dependent on intergovernmental revenue and, like most Ohio governments, is hampered by a lack of revenue growth. Property taxes made up 3.79 percent and intergovernmental revenue made up 89.91 percent of the total revenue for the governmental activities in fiscal year 2016.

Public Assistance accounts for 69.15 percent of governmental activities program expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2016 and provides a comparison to fiscal year 2015. That is, it identifies the cost of these services supported by tax revenue, miscellaneous revenue, and other general revenues.

Table 3

	Net Cost of Governmental Activities			
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
<i>Program Expenses:</i>				
Public Assistance	\$16,351,430	\$2,479,006	\$14,615,192	\$1,543,002
Child Support	2,073,706	(500,859)	2,102,517	(618,107)
Children's Services	4,388,581	952,396	3,799,240	219,343
Workforce Development	689,467	(307,058)	704,380	(344,700)
Help Me Grow	141,410	14,217	188,421	49,539
Interest and Fiscal Charges	<u>172</u>	<u>172</u>	<u>950</u>	<u>950</u>
Total Expenses	<u>\$23,644,766</u>	<u>\$2,637,874</u>	<u>\$21,410,700</u>	<u>\$850,027</u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016 (Unaudited)

It should be noted that 88.84 percent of the costs of services for governmental activities are derived from program revenues including charges for services and operating grants and other contributions. The \$2,479,006 in net cost of services for Public Assistance demonstrates the costs of services that are not supported from the state and federal grant resources. For 2016, the net cost of providing these services for Public Assistance was only 15.16 percent of the total cost.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$24,882,579 and expenditures and other financing uses of \$25,140,837.

The fund balances of the total governmental funds decreased by \$258,258 or 15.11 percent. The decrease in fund balance for the year was most significant in the Children's Services, which decreased \$665,089 or 128.34 percent, which was the result of increases in expenditures and transfers out.

Budget Highlights

The Board's budget is reflected in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During fiscal year 2016, the Board amended its budget to reflect changing circumstances. The budgeted receipts and disbursements are prepared on a program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

For the Public Assistance Fund, the final budget basis revenue was \$14,887,910, representing an increase of \$1,027,246 from the original budget revenues of \$13,860,664. The final budget reflected a 7.41 percent increase from the original budgeted amount. The final budget basis expenditures were \$16,582,132 representing an increase of \$393,611 from the original budget basis expenditures of \$16,188,521. The final budget reflected a 2.43 percent increase from the original budgeted amount. There was a 6.88 percent positive variance in actual expenditures as compared to the final budget.

For the Child Support Fund, the final budget basis revenue was \$2,226,696, representing an increase of \$67,575 from the original budget revenues of \$2,159,121. The final budget reflected a 3.13 percent increase from the original budgeted amount. The final budget basis expenditures were \$1,780,644 representing a decrease of \$108,552 from the original budget basis expenditures of \$1,889,196. The final budget reflected a 5.75 percent decrease from the original budgeted amount. There was a 14.20 percent positive variance in actual expenditures as compared to the final budget.

For the Children's Services Fund, the final budget basis revenue was \$4,600,202, representing an increase of \$189,304 from the original budget revenues of \$4,410,898. The final budget reflected a 4.29 percent increase from the original budgeted amount. The final budget basis expenditures were \$3,711,159 representing a decrease of \$375,544 from the original budget basis expenditures of \$4,086,703. The final budget reflected a 9.19 percent decrease from the original budgeted amount. There was a 13.88 percent negative variance in actual expenditures as compared to the final budget.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
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For the Workforce Development Fund, the final budget basis revenue was \$1,558,839, representing an increase of \$108,127 from the original budget revenues of \$1,450,712. The final budget reflected a 7.45 percent increase from the original budgeted amount. The final budget basis expenditures were \$940,414 representing an increase of \$14,448 from the original budget basis expenditures of \$925,966. The final budget reflected a 1.56 percent increase from the original budgeted amount. There was a 24.61 percent positive variance in actual expenditures as compared to the final budget.

For the Help Me Grow Fund, the final budget basis revenue was \$144,706, representing a decrease of \$15,850 from the original budget revenues of \$160,556. The final budget basis expenditures were \$165,065 representing an increase of \$11,698 from the original budget basis expenditures of \$153,367. There was a 1.52 percent negative variance in actual expenditures as compared to the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the Board had \$603,015 invested in furniture, fixtures, and equipment, and vehicles. That total carries an accumulated depreciation of \$476,800. Table 4 shows June 30, 2016 balances and provides a comparison to June 30, 2015.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2016	2015
<i>Depreciable Capital Assets:</i>		
Furniture, Fixtures and Equipment	\$437,460	\$444,490
Vehicles	165,555	179,036
Total Capital Assets	603,015	623,526
<i>Less Accumulated Depreciation:</i>		
Furniture, Fixtures and Equipment	375,461	337,431
Vehicles	101,339	119,007
Total Accumulated Depreciation	476,800	456,438
Capital Assets, Net	\$126,215	\$167,088

More detailed information pertaining to the Board's capital asset activity can be found in the notes to the basic financial statements.

Debt Administration

At June 30, 2016, the Board had no general obligation debt outstanding.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

Current Issues

The Vinton County Commissioners placed a 1.5 mill human services levy combined for senior and child welfare activities on the ballot in May 2015 and it failed. There was discussion to place the levy back on the ballot in 2016, however it was decided to wait until November 2017. The Ross County Children Services levy will expire in 2017 and the Ross County Commissioners will be placing it on the ballot in November 2017.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact Paula Ogan, Fiscal Supervisor at South Central Ohio Job and Family Services, 475 Western Avenue, Suite B, P.O. Box 469, Chillicothe, Ohio.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Statement of Net Position

June 30, 2016

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,042,313
Materials and Supplies Inventory	46,659
Accounts Receivable	11,506
Intergovernmental Receivable	1,489,291
Property Taxes Receivable	270,273
Prepaid Items	44,705
Depreciable Capital Assets, Net	126,215
<i>Total Assets</i>	<u>4,030,962</u>
<u>Deferred Outflows of Resources:</u>	
Pension	<u>3,040,635</u>
<u>Liabilities:</u>	
Accounts Payable	245,886
Accrued Wages and Benefits	348,552
Contracts Payable	768,664
Intergovernmental Payable	542,861
Unearned Revenue	283,006
<i>Long-Term Liabilities:</i>	
Due within One Year	527,075
<i>Due in More Than One Year:</i>	
Net Pension Liability	8,919,372
Other Amounts Due in More Than One Year	266,246
<i>Total Liabilities</i>	<u>11,901,662</u>
<u>Deferred Inflows of Resources:</u>	
Pension	<u>358,548</u>
<u>Net Position:</u>	
Investment in Capital Assets	126,215
<i>Restricted for:</i>	
Other Purposes	1,775,199
Unrestricted (Deficit)	<u>(7,090,027)</u>
<i>Total Net Position</i>	<u><u>(\$5,188,613)</u></u>

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Statement of Activities

For the Fiscal Year Ended June 30, 2016

	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
Public Assistance	\$16,351,430	\$520,632	\$13,351,792	(2,479,006)
Child Support	2,073,706	339,881	2,234,684	500,859
Children's Services	4,388,581	20,007	3,416,178	(952,396)
Workforce Development	689,467	0	996,525	307,058
Help Me Grow	141,410	0	127,193	(14,217)
<i>Debt Service:</i>				
Interest and Fiscal Charges	172	0	0	(172)
<i>Total Governmental Activities</i>	<u>\$23,644,766</u>	<u>\$880,520</u>	<u>\$20,126,372</u>	<u>(2,637,874)</u>
<u>General Revenue:</u>				
Property Taxes Levied for Children's Services				863,361
Unrestricted Grant and Entitlements				368,788
Refunds				14,602
Miscellaneous				<u>540,416</u>
<i>Total General Revenue</i>				<u>1,787,167</u>
Change in Net Position				(850,707)
<i>Net Position Beginning of Year</i>				<u>(4,337,906)</u>
<i>Net Position End of Year</i>				<u><u>(\$5,188,613)</u></u>

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Balance Sheet

Governmental Funds

June 30, 2016

	Public Assistance	Child Support	Children's Services	Workforce Development	Help Me Grow	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$731,429	\$1,090,390	\$147,940	\$51,535	\$21,019	\$2,042,313
Materials and Supplies Inventory	46,659	0	0	0	0	46,659
Accounts Receivable	11,506	0	0	0	0	11,506
Interfund Receivable	358,781	0	169,145	0	0	527,926
Intergovernmental Receivable	1,033,938	99,082	356,271	0	0	1,489,291
Property Taxes Receivables	0	0	270,273	0	0	270,273
Prepaid Items	44,705	0	0	0	0	44,705
Total Assets	\$2,227,018	\$1,189,472	\$943,629	\$51,535	\$21,019	\$4,432,673
<u>Liabilities:</u>						
Accounts Payable	\$141,670	\$780	\$12,733	\$90,703	\$0	\$245,886
Accrued Wages and Benefits	303,069	45,483	0	0	0	348,552
Contracts Payable	290,594	19,221	456,181	0	2,668	768,664
Interfund Payable	169,145	104,549	228,345	25,887	0	527,926
Intergovernmental Payable	467,259	37,524	14,090	4,898	19,090	542,861
Unearned Revenue	169,166	0	113,840	0	0	283,006
Total Liabilities	1,540,903	207,557	825,189	121,488	21,758	2,716,895
<u>Deferred Inflows of Resources:</u>						
Unavailable Revenue	0	0	265,286	0	0	265,286
<u>Fund Balances:</u>						
Nonspendable	91,364	0	0	0	0	91,364
<i>Restricted for:</i>						
Public Assistance	594,751	0	0	0	0	594,751
Child Support	0	981,915	0	0	0	981,915
Unassigned (Deficit)	0	0	(146,846)	(69,953)	(739)	(217,538)
Total Fund Balances	686,115	981,915	(146,846)	(69,953)	(739)	1,450,492
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,227,018	\$1,189,472	\$943,629	\$51,535	\$21,019	\$4,432,673

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2016

Total Governmental Funds Balances		\$1,450,492
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		126,215
Some of the Board's receivables will be collected after fiscal year-end, but not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Intergovernmental		265,286
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated absences		(793,321)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	3,040,635	
Deferred Inflows - Pension	(358,548)	
Net Pension Liability	<u>(8,919,372)</u>	
Total		<u>(6,237,285)</u>
<i>Net Position of Governmental Activities</i>		<u><u>(\$5,188,613)</u></u>

See accompanying notes to the basic financial statements

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2016

	Public Assistance	Child Support	Children's Services	Workforce Development	Help Me Grow	Total Governmental Funds
<u>Revenues:</u>						
Property Taxes	\$0	\$0	\$863,361	\$0	\$0	\$863,361
Intergovernmental	13,351,792	2,234,684	3,730,772	996,525	127,193	20,440,966
Charges for Services	520,632	339,881	20,007	0	0	880,520
Refunds	14,602	0	0	0	0	14,602
Miscellaneous	384,649	41,526	114,241	0	0	540,416
Total Revenues	14,271,675	2,616,091	4,728,381	996,525	127,193	22,739,865
<u>Expenditures:</u>						
<i>Current:</i>						
Public Assistance	15,790,526	0	0	0	0	15,790,526
Child Support	0	2,074,448	0	0	0	2,074,448
Children's Services	0	0	4,297,429	0	0	4,297,429
Workforce Development	0	0	0	689,467	0	689,467
Help Me Grow	0	0	0	0	141,410	141,410
<i>Debt Service:</i>						
Principal Retirement	4,671	0	0	0	0	4,671
Interest and Fiscal Charges	172	0	0	0	0	172
Total Expenditures	15,795,369	2,074,448	4,297,429	689,467	141,410	22,998,123
Excess of Revenues Over (Under) Expenditures	(1,523,694)	541,643	430,952	307,058	(14,217)	(258,258)
<u>Other Financing Sources (Uses):</u>						
Transfers In	1,973,569	0	169,145	0	0	2,142,714
Transfers Out	(169,145)	(473,831)	(1,265,186)	(234,552)	0	(2,142,714)
Total Other Financing Sources (Uses)	1,804,424	(473,831)	(1,096,041)	(234,552)	0	0
Net Change in Fund Balance	280,730	67,812	(665,089)	72,506	(14,217)	(258,258)
Fund Balance (Deficit) at Beginning of Year	405,385	914,103	518,243	(142,459)	13,478	1,708,750
Fund Balance (Deficit) at End of Year	\$686,115	\$981,915	(\$146,846)	(\$69,953)	(\$739)	\$1,450,492

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016*

Net Change in Fund Balances - Total Governmental Funds	(\$258,258)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(39,843)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(1,030)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of: Intergovernmental	54,194
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,671
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: Compensated absences	50,082
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	395,667
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	<u>(1,056,190)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$850,707)</u></u>

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2016

	<u>Private Purpose Trust</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$43,447
Investments	<u>265,655</u>
<i>Total Assets</i>	<u><u>\$309,102</u></u>
<u>Liabilities:</u>	
<i>Total Liabilities</i>	<u>\$0</u>
<u>Net Position:</u>	
Held in Trust for Other Individuals and Organizations	<u>309,102</u>
<i>Total Net Position</i>	<u><u>\$309,102</u></u>

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$1,013
<i>Total Additions</i>	1,013
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	679
<i>Change in Net Position</i>	334
<i>Net Position at Beginning of Year</i>	308,768
<i>Net Position at End of Year</i>	\$309,102

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 1 - DESCRIPTION OF ENTITY

South Central Ohio Job and Family Services (the Board), was established as a Joint County Department of Job and Family Services by and for the Board of County Commissioners of three counties. The member counties are Hocking, Ross and Vinton. Three Commissioners from each member county for a total of nine commissioners serve on the Board. The Board commenced operations on January 1, 2013. The purpose of the Board is exercising all powers granted to the Joint County Department of Job and Family Services pursuant to Chapter 329 of the Ohio Revised Code with the purpose of coordinating their powers and duties as provided by the Ohio Revised Code for county administration and operation, is to better serve and for the benefit of those persons who are seeking services from a county department of job and family services, including but not limited to, income maintenance programs (food stamps, Medicaid, cash assistance), child welfare, child support enforcement, and workforce development who reside within the member counties.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards, and agencies that are not legally separate from the Board. For South Central Ohio Job and Family Services this is the general operations.

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

The Board has two organizations for which they serve as administrative agent. The Area 20/21 Workforce Investment Board and the Ross County Family and Children First Council are legally separate entities for which the Board serves as the administrative agent. The Board provides administrative and operational services to assist these organizations in accomplishing their intended purposes. Ross County serves as the fiscal agent for the Area 20/21 Workforce Investment Board and the Ross County Family and Children First Council. Accordingly these organizations are presented as agency funds within the Ross County financial statements.

Management believes that the financial statements included in this report represent all of the financial activity of the Board over which the Board has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

A. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's governmental 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements - During the year, the Board segregates transactions related to certain Board 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 Board at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

Public Assistance Fund – This fund accounts for various Federal and State grants that are used to provide public assistance to eligible recipients in the programs of Cash Assistance, Food Assistance, Medicaid, and Non-Emergency Medicaid Transportation.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Child Support Fund – This fund accounts for poundage fees that are restricted for use by state statute and Title IV-D grants that reimburse expenditures for child support enforcement operations.

Children’s Services Fund – This fund accounts for a county-wide tax levy in Ross County and various state and federal monies to be used for providing foster care and other services for neglected, battered and abused children.

Workforce Development Fund – This fund accounts for a grant received from the U.S. Department of Labor to strengthen the local workforce by providing training services to employed adults, youth and dislocated workers.

Help Me Grow Fund - This fund accounts for administrative costs for the program administration of a contract with the Health District.

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 Board under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Board’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Board’s fiduciary fund is a private-purpose trust fund. The Board’s private-purpose trust fund is established to account for assets that were set up as trust for Children’s Services.

C. Measurement Focus

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

The private-purpose trust fund is reported using the economic resources measurement focus.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal 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 Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include grants.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Board, deferred outflows of resources include a deferral related to pension reported in the government-wide statement of net position. The deferred outflows of resources related to pension are explained in Note 9.

In addition to the liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Board, deferred inflows of resources include deferral related to pension and unavailable revenues. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables that will not be collected within the available period. For the Board, unavailable revenue includes grants. These amounts are deferred and recognized as inflows of resources in the period the amounts became available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 9).

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

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

E. Cash, Cash Equivalents, and Investments

The Ross County Treasurer is the custodian of the Board's cash. The Board's assets are held in the Ross County's cash and investment pool and are valued at the County Treasurer's reported carrying amount.

During 2016, the Board's investments were limited to Federal Securities. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

F. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 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. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Board maintains a capitalization threshold of five 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.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Leasehold Improvements	3-20 years
Furniture, Fixtures and Equipment	3-20 years
Vehicles	3-20 years
Capitalized Leases	3-20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

J. Compensated Absences

The Board reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

Vacation and compensatory time 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 that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable will become eligible to receive payment in the future. The Board has determined that employees with the Board for ten or more years are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded as "matured compensated absences payable" in the fund from which the employee will be paid. The Board reported no matured compensated absences payable as of June 30, 2016.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current year.

L. Pensions

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

M. Fund Balance Reserves

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Assigned – amounts constrained by the Board’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is used to report negative fund balances in governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Board considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in their commitment or assignment actions.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Board’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Interfund Transactions

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

P. 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.

Q. Unearned Revenue

Unearned revenue arises when resources are received by the Board before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 3 – NEW GASB PRONOUNCEMENTS

For fiscal year 2016, the Board implemented 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 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, and GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” The implementation of GASB Statements No. 72, 73 and 76 had no effect on the prior period net position or fund balances of the Board.

NOTE 4 – CASH AND INVESTMENTS

The Ross County Treasurer maintains a cash pool used by all of the County’s funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At fiscal year-end, the carrying amount of the Board’s deposits with the Ross County Treasurer was \$2,085,760 and is reflected as Equity in Pooled Cash and Cash Equivalents on the financial statements. The Ross County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County’s pooled cash and deposit accounts.

Investments – As of June 30, 2016, the Board had the following investments and maturities:

<u>Investment Type</u>	Fair Value	Investment In
		<u>Maturities in Years</u>
U.S. Government Securities	<u>\$265,655</u>	< 1 Year <u>\$265,655</u>
Total Investments	<u>\$265,655</u>	<u>\$265,655</u>

For fiscal year 2016, Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” was effective. This GASB pronouncement had no effect on beginning net position. Accordingly, the Board has categorized 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 Board’s recurring fair value measurements as of June 30, 2016 and are all level 1 inputs.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Board limits investment portfolio maturities to five years or less.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board limits its investments to those authorized by State statute. Moody’s has assigned a rating of “Aaa-mf” to U.S. Government Securities.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in event of the failure of the counter party, the Board will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Board’s policy provides that investments be held in the Board’s name. All of the Board’s investments are held in the Board’s name.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 4 – CASH AND INVESTMENTS *(Continued)*

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The Board's investments in U.S. Government Securities account for 100% of the Board's total investments.

NOTE 5 – LEVIES

The Ross County Commissioners serve as the taxing authority to levy a special levy outside the ten-mill limitation to provide the Board with sufficient funds to carry out Children Services programs. The Board's portion of the levy was \$863,361 for fiscal year 2016, with the remaining portion of the levy being paid to the Ross County Juvenile Court by the taxing authority. This amount is reflected as property tax revenue on the accompanying basic financial statements.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, property taxes, and accounts. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

<u>Governmental Activities:</u>	
Public Assistance	\$1,033,938
Child Support	99,082
Children's Services	<u>356,271</u>
Total	<u><u>\$1,489,291</u></u>

NOTE 7- CAPITAL ASSETS

A summary of changes in general capital assets during 2016 were as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$444,490	\$0	(\$7,030)	\$437,460
Vehicles	<u>179,036</u>	<u>16,850</u>	<u>(30,331)</u>	<u>165,555</u>
Total Capital Assets	<u>623,526</u>	<u>16,850</u>	<u>(37,361)</u>	<u>603,015</u>
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(337,431)	(45,060)	7,030	(375,461)
Vehicles	<u>(119,007)</u>	<u>(11,633)</u>	<u>29,301</u>	<u>(101,339)</u>
Total Accumulated Depreciation	<u>(456,438)</u>	<u>(56,693)</u>	<u>36,331</u>	<u>(476,800)</u>
Total Net Capital Assets	<u><u>\$167,088</u></u>	<u><u>(\$39,843)</u></u>	<u><u>(\$1,030)</u></u>	<u><u>\$126,215</u></u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2016, the Board contracted with County Risk Sharing Authority (CORSA), for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence with no annual aggregate. Other liability insurance includes \$1,000,000 for automobile liability, \$1,000,000 for public officials' errors and omissions liability and \$10,000,000 excess liability.

In addition, the Board maintains replacement cost insurance on equipment in the amount of \$5,942,819. Other property insurance includes the following: \$1,000,000 for extra expense/business income, \$1,000,000 for crime. Comprehensive equipment coverage is carried on the boiler, machinery, and data processing equipment in the amount of \$100,000,000.

Settled claims have not exceeded this coverage in the past three years. There has been no significant change in coverage from last year.

NOTE 9 - DEFINED BENEFIT RETIREMENT 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 Board's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Board's obligation for this liability to annually required payments. The Board cannot control benefit terms or the manner in which pensions are financed; however, the Board 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 these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the 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.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – All Board employees participate in the Ohio Public Employee 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.

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

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

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

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.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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

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

	<u>State and Local</u>
2016 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	<u>2.0%</u>
Total Employer	<u>14.0%</u>
 Employee	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$791,334 for fiscal year 2016.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditonal</u>	<u>OPERS - Combined</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$8,933,440	(\$14,068)	\$8,919,372
Proportion of the Net Pension Liability	0.05175000%	0.02891000%	
Pension Expense	\$1,046,806	\$9,384	\$1,056,190

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

At June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$2,636,549	\$6,239	\$2,642,788
Changes in proportion and differences Board contributions subsequent to the measurement date	0	2,180	2,180
	<u>387,754</u>	<u>7,913</u>	<u>395,667</u>
Total Deferred Outflows of Resources	<u><u>\$3,024,303</u></u>	<u><u>\$16,332</u></u>	<u><u>\$3,040,635</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$175,135	\$7,388	\$182,523
Changes in proportion and differences	176,025	0	176,025
Total Deferred Inflows of Resources	<u><u>\$351,160</u></u>	<u><u>\$7,388</u></u>	<u><u>\$358,548</u></u>

\$395,667 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>Total</u>
2017	\$494,481	\$1,218	\$495,699
2018	538,270	1,218	539,488
2019	658,404	1,217	659,621
2020	594,234	994	595,228
2021	0	(943)	(943)
Thereafter	<u>0</u>	<u>(2,673)</u>	<u>(2,673)</u>
Total	<u><u>\$2,285,389</u></u>	<u><u>\$1,031</u></u>	<u><u>\$2,286,420</u></u>

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Allocation	(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
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Total	100.00 %	5.27 %
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SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Board’s proportionate share of the net pension liability-Traditional	\$14,233,153	\$8,933,440	\$4,463,301
Board’s proportionate share of the net pension liability-Combined	(\$289)	(\$14,068)	(\$25,152)

NOTE 10 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS 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 payroll deposited in to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The Board's contractually required postemployment health care contributions to OPERS were \$131,889 for 2016.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 11 - LONG-TERM OBLIGATIONS

The Board's long-term obligations activity for the year ended June 30, 2016, was as follows:

	Principal Outstanding at June 30, 2015	Additions	Deductions	Principal Outstanding at June 30, 2016	Amount Due In One Year
<i>Governmental Activities:</i>					
<i>Net Pension Liability:</i>					
OPERS	\$6,472,577	\$2,446,795	\$0	\$8,919,372	\$0
Compensated Absences Payable	843,403	434,735	484,817	793,321	527,075
Capital Leases Payable	4,671	0	4,671	0	0
Total Governmental Activities Long-Term Liabilities	<u>\$7,320,651</u>	<u>\$2,881,530</u>	<u>\$489,488</u>	<u>\$9,712,693</u>	<u>\$527,075</u>

Obligations related to employee compensation will be paid from the fund from which the employee is paid. Capital leases were paid from the Public Assistance Fund.

NOTE 12 – OPERATING LEASES

The South Central Ohio Job and Family Services has entered into agreements for seven operating leases for office space and operating leases for four storage units. The Board's fiscal year 2016 total annual operating lease payments for these agreements was \$659,216.

NOTE 13 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2016, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
Public Assistance	\$358,781	\$169,145
Child Support	0	104,549
Children's Services	169,145	228,345
Workforce Development	0	25,887
Totals	<u>\$527,926</u>	<u>\$527,926</u>

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 13 - INTERFUND TRANSACTIONS – (Continued)

A summary of interfund transfers for 2016 were as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
Public Assistance	\$1,973,569	\$169,145
Child Support	0	473,831
Children’s Services	169,145	1,265,186
Workforce Development	0	234,552
Totals	<u><u>\$2,142,714</u></u>	<u><u>\$2,142,714</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the public assistance fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 14 – FUND CASH BALANCES

As of June 30, 2016 fund balances are composed of the following:

Nonspendable:

Prepaid Items	\$44,705	\$0	\$0	\$0	\$0	\$44,705
Materials and Supplies	<u>46,659</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,659</u>
Total Nonspendable	91,364	0	0	0	0	91,364

Restricted:

Public Assistance	594,751	0	0	0	0	594,751
Child Support	<u>0</u>	<u>981,915</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>981,915</u>
Total Restricted	594,751	981,915	0	0	0	1,576,666

Unassigned (Deficit)

	<u>0</u>	<u>0</u>	<u>(146,846)</u>	<u>(69,953)</u>	<u>(739)</u>	<u>(217,538)</u>
Total Fund Balances	<u><u>\$686,115</u></u>	<u><u>\$981,915</u></u>	<u><u>(\$146,846)</u></u>	<u><u>(\$69,953)</u></u>	<u><u>(\$739)</u></u>	<u><u>\$1,450,492</u></u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 15 – CONTINGENT LIABILITIES

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed cost may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation, results may be reported at a later date.

Litigation

The Board is not currently party to legal proceedings.

NOTE 16 – SUBSEQUENT EVENT

In 2016, the participating counties of the Area 20/21 Workforce Investment Board voted to change administrative/fiscal agent from South Central Ohio Job & Family Services to the Fairfield County Economic Development Department, with the Department to take over fiscal agent responsibilities on July 1, 2016.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

Public Assistance Fund

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
State Grants	\$12,805,888	\$13,930,586	\$12,791,132	(\$1,139,454)
Support and Assistance	684,000	615,000	596,233	(18,767)
Overpayments - Refunds	49,000	20,000	15,456	(4,544)
Local County Monies	321,776	322,324	337,443	15,119
<i>Total Revenues</i>	<u>13,860,664</u>	<u>14,887,910</u>	<u>13,740,264</u>	<u>(1,147,646)</u>
<u>Expenditures:</u>				
Salaries	6,449,279	5,778,387	5,769,869	8,518
Fringe Benefits	2,838,337	2,635,140	2,635,297	(157)
Supplies	220,333	227,074	169,618	57,456
Travel and Training	56,828	111,996	40,558	71,438
Contracts - Repair/Maint.	46,050	67,170	42,816	24,354
Contract Services	4,995,414	6,137,489	5,061,640	1,075,849
Indirect Costs	220,644	207,307	128,485	78,822
Equipment	203,511	105,894	182,102	(76,208)
Facilities	979,754	1,163,670	1,069,125	94,545
Public Assistance Payments	77,108	77,108	289,507	(212,399)
Medical Assistance	2,500	2,500	0	2,500
Other Expenses	98,763	68,397	52,777	15,620
<i>Total Expenditures</i>	<u>16,188,521</u>	<u>16,582,132</u>	<u>15,441,794</u>	<u>1,140,338</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,327,857)</u>	<u>(1,694,222)</u>	<u>(1,701,530)</u>	<u>(7,308)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	2,032,731	1,575,000	1,939,646	364,646
Transfers Out	0	(290,000)	0	290,000
<i>Total Other Financing Sources (Uses)</i>	<u>2,032,731</u>	<u>1,285,000</u>	<u>1,939,646</u>	<u>654,646</u>
<i>Net Change in Fund Balance</i>	<u>(295,126)</u>	<u>(409,222)</u>	<u>238,116</u>	<u>647,338</u>
<i>Fund Balance at Beginning of Year</i>	<u>493,313</u>	<u>493,313</u>	<u>493,313</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$198,187</u>	<u>\$84,091</u>	<u>\$731,429</u>	<u>\$647,338</u>

See accompanying notes to the supplementary information.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Child Support Fund
For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
State Grants	\$1,728,121	\$1,801,696	\$1,606,205	(\$195,491)
Charges for Services	346,413	425,000	373,533	(51,467)
Reimbursements	84,587	0	49,084	49,084
<i>Total Revenues</i>	<u>2,159,121</u>	<u>2,226,696</u>	<u>2,028,822</u>	<u>(197,874)</u>
<u>Expenditures:</u>				
Salaries	951,584	890,161	854,979	35,182
Fringe Benefits	461,427	414,298	389,636	24,662
Travel and Training	2,000	2,000	2,860	(860)
Contract Services	448,398	448,398	256,574	191,824
Indirect Costs	14,787	14,787	14,665	122
Other Expenses	11,000	11,000	9,063	1,937
<i>Total Expenditures</i>	<u>1,889,196</u>	<u>1,780,644</u>	<u>1,527,777</u>	<u>252,867</u>
<i>Excess of Revenues Over Expenditures</i>	<u>269,925</u>	<u>446,052</u>	<u>501,045</u>	<u>54,993</u>
<u>Other Financing Uses:</u>				
Transfers Out	<u>(475,000)</u>	<u>(475,000)</u>	<u>(586,153)</u>	<u>(111,153)</u>
<i>Total Other Financing Uses</i>	<u>(475,000)</u>	<u>(475,000)</u>	<u>(586,153)</u>	<u>(111,153)</u>
<i>Net Changes in Fund Balance</i>	<u>(205,075)</u>	<u>(28,948)</u>	<u>(85,108)</u>	<u>(56,160)</u>
<i>Fund Balance at Beginning of Year</i>	<u>1,171,306</u>	<u>1,171,306</u>	<u>1,171,306</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$966,231</u>	<u>\$1,142,358</u>	<u>\$1,086,198</u>	<u>(\$56,160)</u>

See accompanying notes to the supplementary information.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

Children's Services Fund

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
State Child Protection Allocation	\$568,211	\$572,419	\$540,918	(\$31,501)
Title VI-B	82,341	89,579	0	(89,579)
Title VI-E Admin and Training	553,492	606,735	578,014	(28,721)
IV-E Reimbursement	1,350,000	1,683,328	1,761,351	78,023
SSI/Social Security Benefits	62,824	20,000	89,127	69,127
Other Grants	136,486	320,409	183,504	(136,905)
Parent Fees	35,000	33,000	20,007	(12,993)
Gifts	500	500	325	(175)
Ross Levy Funds	905,000	930,000	939,097	9,097
State Reimbursement	104,847	0	0	0
Local County Monies	232,500	232,500	547,816	315,316
Miscellaneous	379,697	111,732	262,224	150,492
<i>Total Revenues</i>	<u>4,410,898</u>	<u>4,600,202</u>	<u>4,922,383</u>	<u>322,181</u>
<u>Expenditures:</u>				
Contract Services	3,804,261	3,402,203	3,966,287	(564,084)
Chaffee	13,300	15,000	2,746	12,254
ESSA	72,768	57,895	60,885	(2,990)
Legal	65,000	70,570	52,016	18,554
Foster Parent Training	20,000	20,000	15,140	4,860
Kinship Permanency Incentive	61,000	76,000	71,400	4,600
Alternative Response	16,324	14,575	3,867	10,708
Other Expenses	34,050	54,916	54,059	857
<i>Total Expenditures</i>	<u>4,086,703</u>	<u>3,711,159</u>	<u>4,226,400</u>	<u>(515,241)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>324,195</u>	<u>889,043</u>	<u>695,983</u>	<u>(193,060)</u>
<u>Other Financing Uses:</u>				
Transfers Out	(960,076)	(1,100,000)	(1,047,069)	52,931
<i>Total Other Financing Uses</i>	<u>(960,076)</u>	<u>(1,100,000)</u>	<u>(1,047,069)</u>	<u>52,931</u>
<i>Net Change in Fund Balance</i>	(635,881)	(210,957)	(351,086)	(140,129)
<i>Fund Balance at Beginning of Year</i>	<u>499,026</u>	<u>499,026</u>	<u>499,026</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$136,855)</u>	<u>\$288,069</u>	<u>\$147,940</u>	<u>(\$140,129)</u>

See accompanying notes to the supplementary information.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

*Workforce Development Fund
For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
State Grants	\$1,325,347	\$1,433,474	\$970,997	(\$462,477)
Miscellaneous	125,365	125,365	25,528	(99,837)
<i>Total Revenues</i>	<u>1,450,712</u>	<u>1,558,839</u>	<u>996,525</u>	<u>(562,314)</u>
<u>Expenditures:</u>				
Administration	4,000	9,100	10,396	(1,296)
Adult	202,720	212,819	196,122	16,697
Dislocated Workers	288,972	256,191	137,101	119,090
Youth	302,000	226,000	264,485	(38,485)
Special Projects	128,274	160,304	0	160,304
CC MEP	0	76,000	100,900	(24,900)
<i>Total Expenditures</i>	<u>925,966</u>	<u>940,414</u>	<u>709,004</u>	<u>231,410</u>
<i>Excess of Revenues Over Expenditures</i>	<u>524,746</u>	<u>618,425</u>	<u>287,521</u>	<u>(330,904)</u>
<u>Other Financing Uses:</u>				
Transfers Out	(527,655)	(522,555)	(306,424)	216,131
<i>Total Other Financing Uses</i>	<u>(527,655)</u>	<u>(522,555)</u>	<u>(306,424)</u>	<u>216,131</u>
<i>Net Change in Fund Balance</i>	(2,909)	95,870	(18,903)	(114,773)
<i>Fund Balance at Beginning of Year</i>	<u>70,438</u>	<u>70,438</u>	<u>70,438</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$67,529</u>	<u>\$166,308</u>	<u>\$51,535</u>	<u>(\$114,773)</u>

See accompanying notes to the supplementary information

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Help Me Grow Fund
For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Help Me Grow	\$160,556	\$144,706	\$127,193	(\$17,513)
<i>Total Revenues</i>	<u>160,556</u>	<u>144,706</u>	<u>127,193</u>	<u>(17,513)</u>
<u>Expenditures:</u>				
Help Me Grow - State	75,479	85,268	99,894	(14,626)
Help Me Grow - Federal	77,888	79,797	67,674	12,123
<i>Total Expenditures</i>	<u>153,367</u>	<u>165,065</u>	<u>167,568</u>	<u>(2,503)</u>
<i>Net Change in Fund Balance</i>	7,189	(20,359)	(40,375)	(20,016)
<i>Fund Balance at Beginning of Year</i>	<u>61,394</u>	<u>61,394</u>	<u>61,394</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$68,583</u>	<u>\$41,035</u>	<u>\$21,019</u>	<u>(\$20,016)</u>

See accompanying notes to the supplementary information.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2016*

NOTE 1 – BUDGETARY SCHEDULE

Ross County (the fiscal agent) requires the Board to budget all funds. The major document prepared is the budget based on the South Central Ohio Job and Family Service’s (Board) grant allocations. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The Board’s grant allocations establish a limit on the amounts the Board may budget. The budget is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the object level as its legal level of control. Individual grants are limited to their approved budget.

The amounts reported as the original budget in the budgetary schedules reflect the amounts in the Board’s grant allocations when the Board adopted the original budget. The amounts reported as the final budget in the budgetary schedules reflect the amounts in the Board’s grant allocations in effect at the time of the final budget.

The Board may amend the budget throughout the year with the restriction that the budget may not exceed the Board’s grant allocations. The amounts reported as the final budget represent the final budget the Ross County Commissioners passed during the year.

Adjustments necessary to convert the results of operations at end of year on the modified accrual basis (GAAP) to the budget basis:

	<u>Public Assistance</u>	<u>Child Support</u>	<u>Children's Services</u>	<u>Workforce Development</u>	<u>Help Me Grow</u>
Net Change in Fund Balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$280,730	\$67,812	(\$665,089)	\$72,506	(\$14,217)
Net revenue accruals	(531,411)	(587,269)	194,001	0	0
Net expenditure accruals	353,575	546,671	71,029	(19,537)	(26,158)
Net Other Financing Sources/(Uses):	<u>135,222</u>	<u>(112,322)</u>	<u>48,973</u>	<u>(71,872)</u>	<u>0</u>
Net Change in Fund Balance per the Budgetary Schedule	<u><u>\$238,116</u></u>	<u><u>(\$85,108)</u></u>	<u><u>(\$351,086)</u></u>	<u><u>(\$18,903)</u></u>	<u><u>(\$40,375)</u></u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Federal Awards Expenditures Schedule
For the Fiscal Year Ended June 30, 2016

Federal Grantor Agency/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Amounts Passed Through to Sub-Recipients	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Job & Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1617-11-5603	10.561	\$0	\$ 932,047
Total - U.S. Department of Agriculture			<u>0</u>	<u>932,047</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed Through Ohio Department of Job & Family Services</i>				
Employment Services/Wagner-Peyser Funded Activities	G-1617-11-5603	17.207	0	71,410
Workforce Innovation and Opportunities Act Cluster:				
WIA/WIOA Adult Program	G-1617-11-5603	17.258	13,228	329,084
WIA/WIOA Youth Activities	G-1617-11-5603	17.259	264,486	272,216
WIA/WIOA Dislocated Worker Formula Grants	G-1617-11-5603	17.278	20,340	320,527
Total Workforce Innovation and Opportunities Act Cluster			<u>298,054</u>	<u>921,827</u>
Total - U.S. Department of Labor			<u>298,054</u>	<u>993,237</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Health</i>				
Special Education - Grants for Infants and Families	07110021HG0716	84.181	67,673	67,673
Total - U.S. Department of Education			<u>67,673</u>	<u>67,673</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Job & Family Services</i>				
Promoting Safe and Stable Families	G-1617-11-5603	93.556	0	66,463
Temporary Assistance for Needy Families	G-1617-11-5603	93.558	268,894	3,666,046
Child Support Enforcement	G-1617-11-5603	93.563	0	1,223,304
Child Care and Development Block Grant	G-1617-11-5603	93.575	0	175,336
Community-Based Child Abuse Prevention Grants	G-1617-11-5603	93.590	0	5,537
Foster Care - Title IV-E	G-1617-11-5603	93.658	0	1,987,564
Adoption Assistance	G-1617-11-5603	93.659	0	308,496
Social Services Block Grant	G-1617-11-5603	93.667	0	1,804,137
Chafee Foster Care Independence Program	G-1617-11-5603	93.674	0	19,095
Medical Assistance Program	G-1617-11-5603	93.778	0	3,062,117
Total - U.S. Department of Health and Human Services			<u>268,894</u>	<u>12,318,095</u>
Total Federal Awards Expenditures			<u>\$ 634,621</u>	<u>\$ 14,311,052</u>

See accompanying notes to the federal awards expenditures schedule.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Federal Awards Expenditures Schedule

For the Fiscal Year Ended June 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Expenditures Schedule (the Schedule) includes the federal award activity of the South Central Ohio Job and Family Services (the Board) under programs of the federal government for the fiscal year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements for 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 Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures may or may not be allowable or may be limited to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C – SUBRECIPIENTS

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

As a subrecipient, the Board 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.

Program Title	CFDA #	Amounts Provided to Subrecipients
SubRecipient - Gallia-Jackson-Vinton JVSD		
Youth	17.259	<u>\$77,034</u>
Total Youth	17.259	<u>\$77,034</u>
Total Gallia-Jackson-Vinton JVSD		<u><u>\$77,034</u></u>
 SubRecipient - Hocking, Athens, Perry Community Action		
Youth	17.259	<u>\$55,442</u>
Total Youth	17.259	<u>\$55,442</u>
 TANF	93.558	<u>\$106,816</u>
Total TANF	93.558	<u>\$106,816</u>
Total Hocking, Athens, Perry Community Action		<u><u>\$162,258</u></u>
 SubRecipient - Pickaway Ross JVS		
Youth	17.259	<u>\$132,010</u>
Total Youth	17.259	<u>\$132,010</u>
Total Pickaway Ross JVS		<u><u>\$132,010</u></u>

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Notes to the Federal Awards Expenditures Schedule

For the Fiscal Year Ended June 30, 2016

NOTE C – SUBRECIPIENTS – (Continued)

Program Title	CFDA #	Amounts Provided to Subrecipients
SubRecipient - Vinton County Commissioners Adult	17.258	\$9,445
Total Adult	17.258	<u>\$9,445</u>
Dislocated Worker	17.278	<u>\$12,338</u>
Total Dislocated Worker	17.278	<u>\$12,338</u>
Total Vinton County Commissioners		<u>\$21,783</u>
SubRecipient - Chillicothe-Ross Chamber of Commerce Adult	17.258	\$3,783
Total Adult	17.258	<u>\$3,783</u>
Dislocated Worker	17.278	<u>\$8,002</u>
Total Dislocated Worker	17.278	<u>\$8,002</u>
Total Chillicothe-Ross Chamber of Commerce		<u>\$11,785</u>
SubRecipient - Jackson Vinton Community Action TANF	93.558	\$6,201
Total TANF	93.558	<u>\$6,201</u>
Total Jackson Vinton Community Action		<u>\$6,201</u>
SubRecipient - Mid-Ohio Foodbank TANF	93.558	\$120,000
Total TANF	93.558	<u>\$120,000</u>
Total Mid-Ohio Foodbank		<u>\$120,000</u>
SubRecipient - Ross County Community Action TANF	93.558	\$21,068
Total TANF	93.558	<u>\$21,068</u>
Total Ross County Community Action		<u>\$21,068</u>
SubRecipient - United Way of Ross County TANF	93.558	\$14,809
Total TANF	93.558	<u>\$14,809</u>
Total United Way of Ross County		<u>\$14,809</u>
SubRecipient - Ross County Health Department HMG	84.181	\$67,673
Total HMG	84.181	<u>\$67,673</u>
Total Ross County Health Department		<u>\$67,673</u>

NOTE D – MATCHING REQUIREMENTS

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

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Schedule of the Board's Proportionate Share of Net Pension Liability
Last Three Fiscal Years (1)

	2015	2014	2013
<u>Ohio Public Employees Retirement System</u>			
Board's Proportion of the Net Pension Liability (Asset) - Traditional	0.0515750%	0.0537870%	0.0537870%
Board's Proportion of the Net Pension Liability (Asset) - Combined	0.0289100%	0.0382740%	0.0382740%
Board's Proportionate Share of the Net Pension Liability (Asset) - Traditional	\$8,933,440	\$6,487,313	\$6,340,787
Board's Proportionate Share of the Net Pension Liability (Asset) - Combined	(\$14,068)	(\$14,736)	(\$4,017)
Board's Covered-Employee Payroll	\$6,672,375	\$5,311,438	\$2,055,570
Board's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	133.68%	121.86%	308.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) The Board's first year of operation was 2013.

Amounts presented as of the Board's measurement date which is December 31.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

*Schedule of the Board Contributions
Last Four Fiscal Years (1)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Ohio Public Employees Retirement System</u>				
Contractually Required Contributions	\$791,334	\$800,685	\$690,487	\$205,557
Contributions in Relation to the Contractually Required Contributions	<u>(\$791,334)</u>	<u>(\$800,685)</u>	<u>(690,487)</u>	<u>(205,557)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board Covered-Employee Payroll	\$6,594,450	\$6,672,375	\$5,311,438	\$2,055,570
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	10.00%

(1) The Board's first year of operation was 2013.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Ohio Job and Family Services, Ross County, Ohio (the Board) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 4, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Board's Response to Finding

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

April 4, 2017

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited the South Central Ohio Job and Family Services' (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2016. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance 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 express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

South Central Ohio Job and Family Services
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance

Basis for Qualified Opinion on the Temporary Assistance for Needy Families Program

As described in the accompanying schedule of findings and questioned costs, the Board did not comply with requirements regarding CFDA 93.558 Temporary Assistance for Needy Families as described in finding number 2016-002 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the Board to comply with the requirements applicable to that program.

Qualified Opinion on the Temporary Assistance for Needy Families Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Temporary Assistance for Needy Families major federal program for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

The Board's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

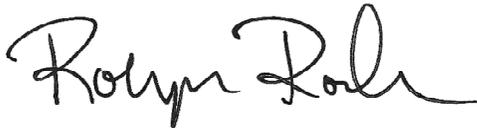
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

South Central Ohio Job and Family Services
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002, that we consider to be a material weaknesses.

The Board's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

April 4, 2017

South Central Ohio Job and Family Services
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major federal program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major federal programs:	Qualified: Temporary Assistance for Needy Families CFDA #93.558 Unmodified: All Others
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major federal program(s):	Temporary Assistance for Needy Families, CFDA #93.558; Foster Care-Title IV-E, CFDA #93.658; Social Services Block Grant, CFDA #93.667
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2016-001 – Material Weakness – Financial Reporting

A monitoring system by the Board should be in place to prevent or detect misstatements for the fair presentation of the Board’s financial statements and federal awards expenditures schedule. During the course of the audit, we identified errors in compiled trial balances when compared to cash basis records that resulted in an understatement of cash balances, revenues and expenses. We also noted the Board’s federal awards expenditures schedule omitted amounts passed-through to subrecipients. Adjustments were made to the accompanying financial statements and federal awards expenditures schedule to correct certain issues. Other issues were deemed immaterial and correction was waived. In addition, upon reviewing the budgetary comparison schedules, we noted that the compiler failed to report actual amounts. This issue was also corrected in the accompanying financial report. The Board should implement additional monitoring procedures to ensure that financial transactions are properly recorded and that the financial statements and federal awards expenditures schedule are accurately presented.

Client Response:

The Board currently and always has practiced sound financial reporting. These adjustments were the result of applying GAAP reporting policies. The Board will discuss this issue with the compilers used to prepare the Board’s GAAP financial statements to ensure that this correction is made to the GAAP compilation process, so that no similar errors are made in the preparation of future financial statements.

South Central Ohio Job and Family Services
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

Finding 2015-002 – Noncompliance/Material Weakness – Subrecipient Monitoring

CFDA Title and Number	Temporary Assistance for Needy Families, CFDA #93.558
Federal Award Number and Year	2015/2016
Federal Agency	US Department of Health and Human Services
Pass-Through Entity	Ohio Department of Job and Family Services

Uniform Guidance in 2 CFR part 200 states a pass-through entity shall monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of contracts or grant agreements and that performance goals are achieved. A pass-through entity needs to establish an appropriate subrecipient monitoring process to decide what, if any, additional monitoring procedures may be necessary to ensure the subrecipient’s compliance.

During 2016, the Board contracted with various subrecipients to provide services related to its TANF federal grant program. The Board did not perform all monitoring procedures necessary under the Uniform Guidance over these subrecipients. The Board should review the Uniform Guidance in 2 CFR part 200, which lists its responsibilities as a pass-through entity, establish and maintain its own internal control procedures over compliance with grant requirements, and update its subrecipient monitoring policy to meet the Uniform Guidance audit requirements. The Board should also ensure that it adheres to the monitoring requirements under the Uniform Guidance to ensure that subrecipients are carrying out the purpose intended under the federal grant program.

Responsible Official’s Response and Corrective Action Planned:
 Jody Walker, Director, and Paula Ogan, Fiscal Supervisor.

Planned Implementation Date of Corrective Action:
 April 4, 2017.

Official’s Response for Corrective Action:
 SCOJFS performed reviews of the expenses during the process of payments to ensure the charges were allowable to TANF funding. Other areas of monitoring were not completed. The agency is updating our monitoring plan to include the new 2 CFR 200 rules and will perform all monitoring requirements for fiscal year 2017.

South Central Ohio Job and Family Services

Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Material Weakness – Financial Reporting	No	Reissued as finding 2016-001
2015-002	Noncompliance/Material Weakness – Temporary Assistance for Needy Families, CFDA #93.558 Foster Care-Title IV-E, CFDA #93.658 Social Services Block Grant, CFDA #93.667 – Activities Allowed and Unallowed	Yes	

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Dave Yost • Auditor of State

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

ROSS 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
MAY 25, 2017**