



Dave Yost • Auditor of State



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

## INDEPENDENT AUDITOR'S REPORT

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

To the County Commissioners:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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

August 15, 2018

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Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position decreased \$1,974,460, or 5 percent. Governmental activities decreased 5 percent. Business-type activities had an increase in net position; however, continues to have a deficit net position overall.

Using this Annual Report

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

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

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

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2017. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

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Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2017 and 2016.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Assets</u>						
Current and Other Assets	\$32,836,175	\$29,832,099	\$575,403	\$450,558	\$33,411,578	\$30,282,657
Capital Assets, Net	32,700,006	34,519,902	326,526	313,842	33,026,532	34,833,744
Total Assets	65,536,181	64,352,001	901,929	764,400	66,438,110	65,116,401
<u>Deferred Outflows of Resources</u>						
Pension	8,925,158	6,949,776	86,649	67,413	9,011,807	7,017,189
<u>Liabilities</u>						
Current and Other Liabilities	1,409,542	1,330,920	44,962	24,990	1,454,504	1,355,910
Long-Term Liabilities						
Pension	23,382,789	19,173,112	224,106	174,755	23,606,895	19,347,867
Other Amounts	1,444,289	1,880,341	1,261,927	1,339,687	2,706,216	3,220,028
Total Liabilities	26,236,620	22,384,373	1,530,995	1,539,432	27,767,615	23,923,805
<u>Deferred Inflows of Resources</u>						
Pension	622,726	501,045	3,204	3,377	625,930	504,422
Other Amounts	7,671,842	6,346,373	0	0	7,671,842	6,346,373
Total Deferred Inflows of Resources	8,294,568	6,847,418	3,204	3,377	8,297,772	6,850,795
<u>Net Position</u>						
Net Investment in Capital Assets	32,499,244	33,949,918	326,526	313,842	32,825,770	34,263,760
Restricted	14,750,498	14,240,547	0	0	14,750,498	14,240,547
Unrestricted (Deficit)	(7,319,591)	(6,120,479)	(872,147)	(1,024,838)	(8,191,738)	(7,145,317)
Total Net Position (Deficit)	\$39,930,151	\$42,069,986	(\$545,621)	(\$710,996)	\$39,384,530	\$41,358,990

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The net pension liability reported by the County at December 31, 2017, and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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The changes in deferred outflows and deferred inflows related to pension are due to the difference between projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the County's proportionate share of the unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

For governmental activities, there was a sizable increase in current and other assets. The combination of factors contributing to this increase include an increase in cash and cash equivalents due primarily to increased property and sales tax revenue in 2017, an increase in accounts receivable largely resulting from services provided by the Sheriff's Department to other agencies, and an increase in the property taxes receivable due, in part, to a \$16 million increase in the assessed value of property from the prior year. The decrease in net capital assets and the investment in capital assets is primarily due to annual depreciation.

For business-type activities, the increase in current and other assets was primarily due to an increase in cash and cash equivalents resulting from increased charges for services at the landfill and recycling center. The increase in current and other liabilities is due to the timing of payment for various payables at year end.

Table 2 reflects the change in net position for 2017 and 2016.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$4,412,511	\$4,383,386	\$1,068,133	\$953,654	\$5,480,644	\$5,337,040
Operating Grants, Contributions, and Interest	15,166,990	15,590,301	0	60,000	15,166,990	15,650,301
Capital Grants, Contributions, and Interest	160,385	0	0	0	160,385	0
Total Program Revenues	<u>19,739,886</u>	<u>19,973,687</u>	<u>1,068,133</u>	<u>1,013,654</u>	<u>20,808,019</u>	<u>20,987,341</u>
General Revenues						
Property Taxes Levied for						
General Operations	2,449,087	2,352,037	0	0	2,449,087	2,352,037
Health-Alcohol, Drug Addiction, and Mental Health Services	901,519	858,940	0	0	901,519	858,940
Health-Developmental Disabilities	3,651,656	3,474,927	0	0	3,651,656	3,474,927
Health-Other	539,728	514,447	0	0	539,728	514,447
Payment in Lieu of Taxes	0	21,572	0	0	0	21,572
Permissive Sales Taxes Levied for						
General Operations	6,549,473	6,302,520	0	0	6,549,473	6,302,520
County Jail Operations	1,491,417	1,368,277	0	0	1,491,417	1,368,277
Debt Service	179,100	239,250	0	0	179,100	239,250
Capital Projects	133,663	128,622	0	0	133,663	128,622
Other Local Taxes	6,003	4,748	0	0	6,003	4,748
Grants and Entitlements	2,014,619	1,841,849	0	0	2,014,619	1,841,849
Interest	193,385	77,555	0	0	193,385	77,555
Other	1,640,786	1,938,892	11,498	1,266	1,652,284	1,940,158
Total General Revenues	<u>19,750,436</u>	<u>19,123,636</u>	<u>11,498</u>	<u>1,266</u>	<u>19,761,934</u>	<u>19,124,902</u>
Total Revenues	<u>39,490,322</u>	<u>39,097,323</u>	<u>1,079,631</u>	<u>1,014,920</u>	<u>40,569,953</u>	<u>40,112,243</u>

(continued)

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Table 2  
Change in Net Position  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Program Expenses</u>						
General Government						
Legislative and Executive	\$6,435,625	\$5,507,024	\$0	\$0	\$6,435,625	\$5,507,024
Judicial	2,329,169	2,180,869	0	0	2,329,169	2,180,869
Public Safety						
Sheriff	8,468,696	7,157,583	0	0	8,468,696	7,157,583
Other	247,785	211,030	0	0	247,785	211,030
Public Works	6,182,356	5,892,163	0	0	6,182,356	5,892,163
Health						
Alcohol, Drug Addiction, and Mental Health Services	2,907,776	2,965,807	0	0	2,907,776	2,965,807
Developmental Disabilities	6,517,121	7,458,095	0	0	6,517,121	7,458,095
Other	974,541	803,655	0	0	974,541	803,655
Human Services						
Children Services	1,809,509	2,286,339	0	0	1,809,509	2,286,339
Job and Family Services	3,970,736	3,674,957	0	0	3,970,736	3,674,957
Other	1,499,255	1,357,647	0	0	1,499,255	1,357,647
Conservation and Recreation	78,928	19,261	0	0	78,928	19,261
Intergovernmental	198,460	216,896	0	0	198,460	216,896
Interest and Fiscal Charges	10,200	19,778	0	0	10,200	19,778
Landfill	0	0	266,551	337,077	266,551	337,077
Recycling	0	0	647,705	539,544	647,705	539,544
Total Expenses	<u>41,630,157</u>	<u>39,751,104</u>	<u>914,256</u>	<u>876,621</u>	<u>42,544,413</u>	<u>40,627,725</u>
Increase (Decrease) in Net Position	(2,139,835)	(653,781)	165,375	138,299	(1,974,460)	(515,482)
Net Position (Deficit) Beginning of Year	<u>42,069,986</u>	<u>42,723,767</u>	<u>(710,996)</u>	<u>(849,295)</u>	<u>41,358,990</u>	<u>41,874,472</u>
Net Position (Deficit) End of Year	<u>\$39,930,151</u>	<u>\$42,069,986</u>	<u>(\$545,621)</u>	<u>(\$710,996)</u>	<u>\$39,384,530</u>	<u>\$41,358,990</u>

For governmental activities, there was little change in total revenues (1 percent); however, there was an increase in general revenues due to increased property and sales tax revenue. The increase in expenses was almost 5 percent and can largely be attributed to personnel costs (salaries and benefits).

For business-type activities, there were modest increases in both revenues and expenses.

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General Government:				
Legislative and Executive	\$6,435,625	\$5,507,024	\$4,507,677	\$3,409,363
Judicial	2,329,169	2,180,869	842,211	770,631
Public Safety				
Sheriff	8,468,696	7,157,583	7,528,761	6,382,275
Other	247,785	211,030	229,232	210,305
Public Works	6,182,356	5,892,163	1,471,401	794,350
Health				
Alcohol, Drug Addiction and Mental Health Services	2,907,776	2,965,807	825,052	1,013,144
Developmental Disabilities	6,517,121	7,458,095	3,577,112	4,571,318
Other	974,541	803,655	712,357	542,025
Human Services				
Children Services	1,809,509	2,286,339	642,850	1,247,917
Job and Family Services	3,970,736	3,674,957	922,100	693,162
Other	1,499,255	1,357,647	457,784	43,686
Conservation and Recreation	78,928	19,261	78,928	19,261
Intergovernmental	198,460	216,896	84,606	60,202
Interest and Fiscal Charges	10,200	19,778	10,200	19,778
Total Expenses	<u>\$41,630,157</u>	<u>\$39,751,104</u>	<u>\$21,890,271</u>	<u>\$19,777,417</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) supported 53 percent of the governmental programs provided by the County (50 percent in 2016). A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 30 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 64 percent of its costs through various fines, court costs, and grants. The public works program is provided for through program revenues, primarily motor vehicle license fees and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Various operating grants provided for 72 percent of the costs for alcohol, drug addiction, and mental health services programs, 45 percent of the costs for developmental disabilities programs, and 77 percent of the costs of the job and family services program.

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Governmental Funds Financial Analysis

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

The General Fund had a 16 percent increase in fund balance from the prior year. Revenues increased a modest 3 percent (primarily property and sales taxes); expenditures increased 7 percent (generally salary and benefits costs). However, the General Fund transferred far fewer resources to other funds in 2017 to subsidize their activities.

Fund balance increased 11 percent in the Motor Vehicle and Gasoline Tax Fund. Activity in this fund fluctuates from year to year based on road and bridge repair/replacement needs.

Fund balance decreased 9 percent in the Job and Family Services Fund. This fund is primarily funded by State resources and expenditures are based on client demand (to the extent resources are available).

Fund balance increased 20 percent in the Alcohol, Drug Addiction, and Mental Health Services Fund. A property tax levy and State resources provide the revenue for this fund and expenditures are based on client demand (to the extent resources are available).

Fund balance did not change significantly in the Developmental Disabilities Fund.

Business-Type Activities Financial Analysis

The landfill had an operating income in 2017 for the fourth year in a row and after more than ten years of operating losses. The County closed its landfill in 1997 and costs are currently related to postclosure activities.

Budgetary Highlights

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



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Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2017, was \$32,499,244 and \$326,526, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road and bridge improvements and equipment and vehicle purchases. Disposals were minimal. For business-type activities, a vehicle was purchased. For further information regarding the County's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2017, the County had outstanding general obligation bonds and loans, in the amount of \$200,000 and \$76,934, respectively. In addition, the County's long-term obligations also include the net pension liability, compensated absences, the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 17 and 18 to the basic financial statements.

Current Issues

The County's General Fund increased again in 2017 largely due to improved sales tax revenue. The loss of medicaid managed care sales tax may cause instability for the County's revenue in future years.

The County is experiencing increased costs for jail operations and indigent court costs due to Ohio's opiate problem. The debt for the County jail will be fully retired in 2018.

Request for Information

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

Ashland County  
Statement of Net Position  
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$17,260,978	\$526,909	\$17,787,887
Cash and Cash Equivalents in Segregated Accounts	681	22,483	23,164
Accounts Receivable	152,182	58,946	211,128
Accrued Interest Receivable	40,047	0	40,047
Permissive Sales Taxes Receivable	2,057,458	0	2,057,458
Other Local Taxes Receivable	14,355	0	14,355
Due from Other Governments	4,225,327	64	4,225,391
Due from External Parties	6,699	0	6,699
Internal Balances	39,674	(39,674)	0
Prepaid Items	253,126	0	253,126
Materials and Supplies Inventory	690,800	0	690,800
Inventory Held for Resale	0	6,675	6,675
Property Taxes Receivable	8,094,848	0	8,094,848
Nondepreciable Capital Assets	820,937	118,865	939,802
Depreciable Capital Assets, Net	31,879,069	207,661	32,086,730
<b>Total Assets</b>	<b>65,536,181</b>	<b>901,929</b>	<b>66,438,110</b>
<u>Deferred Outflows of Resources</u>			
Pension	8,925,158	86,649	9,011,807
<u>Liabilities</u>			
Accrued Wages Payable	335,308	13,681	348,989
Accounts Payable	540,037	26,480	566,517
Contracts Payable	1,102	0	1,102
Due to Other Governments	386,799	4,801	391,600
Matured Compensated Absences Payable	87,029	0	87,029
Unearned Revenue	9,140	0	9,140
Retainage Payable	5,127	0	5,127
Accrued Interest Payable	500	0	500
Separation Benefits Payable	44,500	0	44,500
Long-Term Liabilities:			
Due Within One Year	565,261	88,291	653,552
Due in More Than One Year			
Net Pension Liability	23,382,789	224,106	23,606,895
Other Amounts Due in More Than One Year	879,028	1,173,636	2,052,664
<b>Total Liabilities</b>	<b>26,236,620</b>	<b>1,530,995</b>	<b>27,767,615</b>
<u>Deferred Inflows of Resources</u>			
Property Taxes	7,671,842	0	7,671,842
Pension	622,726	3,204	625,930
<b>Total Deferred Inflows of Resources</b>	<b>8,294,568</b>	<b>3,204</b>	<b>8,297,772</b>
<u>Net Position</u>			
Net Investment in Capital Assets	32,499,244	326,526	32,825,770
Restricted for:			
Debt Service	205,893	0	205,893
Public Works	4,080,666	0	4,080,666
Alcohol, Drug Addiction, and Mental Health Services	1,975,038	0	1,975,038
Developmental Disabilities	3,195,640	0	3,195,640
Children Services	132,515	0	132,515
Real Estate Assessment	1,250,586	0	1,250,586
County Jail	590,575	0	590,575
Other Purposes	3,319,585	0	3,319,585
Unrestricted (Deficit)	(7,319,591)	(872,147)	(8,191,738)
<b>Total Net Position (Deficit)</b>	<b>\$39,930,151</b>	<b>(\$545,621)</b>	<b>\$39,384,530</b>

See Accompanying Notes to the Basic Financial Statements

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Ashland County  
Statement of Activities  
For the Year Ended December 31, 2017

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Capital Grants and Contributions</u>
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$6,435,625	\$1,927,948	\$0	\$0
Judicial	2,329,169	1,152,675	334,283	0
Public Safety				
Sheriff	8,468,696	723,789	216,146	0
Other	247,785	4,139	14,414	0
Public Works	6,182,356	227,455	4,323,115	160,385
Health				
Alcohol, Drug Addiction, and Mental Health Services	2,907,776	0	2,082,724	0
Developmental Disabilities	6,517,121	6,300	2,933,709	0
Other	974,541	167,434	94,750	0
Human Services				
Children Services	1,809,509	0	1,166,659	0
Job and Family Services	3,970,736	0	3,048,636	0
Other	1,499,255	202,771	838,700	0
Conservation and Recreation	78,928	0	0	0
Intergovernmental	198,460	0	113,854	0
Interest and Fiscal Charges	10,200	0	0	0
Total Governmental Activities	<u>41,630,157</u>	<u>4,412,511</u>	<u>15,166,990</u>	<u>160,385</u>
<u>Business-Type Activities</u>				
Landfill	266,551	476,551	0	0
Recycling	647,705	591,582	0	0
Total Business-Type Activities	<u>914,256</u>	<u>1,068,133</u>	<u>0</u>	<u>0</u>
Total	<u>\$42,544,413</u>	<u>\$5,480,644</u>	<u>\$15,166,990</u>	<u>\$160,385</u>

General Revenues

Property Taxes Levied for  
 General Operations  
 Health-Alcohol, Drug Addiction, and Mental Health Services  
 Health-Developmental Disabilities  
 Health-Other  
 Permissive Sales Taxes Levied for  
 General Operations  
 County Jail Operations  
 Debt Service  
 Capital Projects  
 Other Local Taxes  
 Grants and Entitlements not Restricted for Specific Programs  
 Interest  
 Other

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$4,507,677)	\$0	(\$4,507,677)
(842,211)	0	(842,211)
(7,528,761)	0	(7,528,761)
(229,232)	0	(229,232)
(1,471,401)	0	(1,471,401)
(825,052)	0	(825,052)
(3,577,112)	0	(3,577,112)
(712,357)	0	(712,357)
(642,850)	0	(642,850)
(922,100)	0	(922,100)
(457,784)	0	(457,784)
(78,928)	0	(78,928)
(84,606)	0	(84,606)
(10,200)	0	(10,200)
<u>(21,890,271)</u>	<u>0</u>	<u>(21,890,271)</u>
0	210,000	210,000
<u>0</u>	<u>(56,123)</u>	<u>(56,123)</u>
0	153,877	153,877
<u>(21,890,271)</u>	<u>153,877</u>	<u>(21,736,394)</u>
2,449,087	0	2,449,087
901,519	0	901,519
3,651,656	0	3,651,656
539,728	0	539,728
6,549,473	0	6,549,473
1,491,417	0	1,491,417
179,100	0	179,100
133,663	0	133,663
6,003	0	6,003
2,014,619	0	2,014,619
193,385	0	193,385
1,640,786	11,498	1,652,284
<u>19,750,436</u>	<u>11,498</u>	<u>19,761,934</u>
(2,139,835)	165,375	(1,974,460)
<u>42,069,986</u>	<u>(710,996)</u>	<u>41,358,990</u>
<u>\$39,930,151</u>	<u>(\$545,621)</u>	<u>\$39,384,530</u>

Ashland County  
Balance Sheet  
Governmental Funds  
December 31, 2017

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,117,079	\$1,550,885	\$596,980	\$1,927,849
Cash and Cash Equivalents in Segregated Accounts	681	0	0	0
Accounts Receivable	148,163	0	0	0
Accrued Interest Receivable	38,123	1,198	0	0
Permissive Sales Taxes Receivable	1,613,096	0	0	0
Other Local Taxes Receivable	0	14,355	0	0
Due from Other Governments	886,849	2,118,018	302,134	84,258
Due from External Parties	6,699	0	0	0
Interfund Receivable	91,916	891	260,296	0
Prepaid Items	253,126	0	0	0
Materials and Supplies Inventory	37,754	630,663	5,793	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	84,791	0	0	0
Property Taxes Receivable	2,657,063	0	0	960,977
<b>Total Assets</b>	<b>\$9,935,340</b>	<b>\$4,316,010</b>	<b>\$1,165,203</b>	<b>\$2,973,084</b>
<u>Liabilities</u>				
Accrued Wages Payable	\$119,976	\$63,748	\$69,707	\$8,847
Accounts Payable	86,545	67,276	31,355	51,506
Contracts Payable	0	762	0	0
Due to Other Governments	147,936	23,821	61,217	4,733
Interfund Payable	891	11,980	22,208	3,686
Matured Compensated Absences Payable	0	0	29,892	0
Unearned Revenue	0	0	0	0
Retainage Payable	0	0	0	0
Separation Benefits Payable	0	0	0	0
<b>Total Liabilities</b>	<b>355,348</b>	<b>167,587</b>	<b>214,379</b>	<b>68,772</b>
<u>Deferred Inflows of Resources</u>				
Property Taxes	2,518,215	0	0	910,760
Unavailable Revenue	1,972,724	1,831,666	128,843	120,828
<b>Total Deferred Inflows of Resources</b>	<b>4,490,939</b>	<b>1,831,666</b>	<b>128,843</b>	<b>1,031,588</b>
<u>Fund Balances</u>				
Nonspendable	365,930	630,663	5,793	0
Restricted	4,921	1,686,094	816,188	1,872,724
Committed	2,147	0	0	0
Assigned	2,322,361	0	0	0
Unassigned (Deficit)	2,393,694	0	0	0
<b>Total Fund Balances</b>	<b>5,089,053</b>	<b>2,316,757</b>	<b>821,981</b>	<b>1,872,724</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$9,935,340</b>	<b>\$4,316,010</b>	<b>\$1,165,203</b>	<b>\$2,973,084</b>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,118,614	\$5,864,780	\$17,176,187
0	0	681
941	3,078	152,182
615	111	40,047
0	444,362	2,057,458
0	0	14,355
287,490	546,578	4,225,327
0	0	6,699
0	202,331	555,434
0	0	253,126
12,836	3,754	690,800
0	0	84,791
<u>3,901,064</u>	<u>575,744</u>	<u>8,094,848</u>
<u>\$7,321,560</u>	<u>\$7,640,738</u>	<u>\$33,351,935</u>
\$41,252	\$31,778	\$335,308
69,369	233,986	540,037
0	340	1,102
64,602	84,490	386,799
34,460	442,535	515,760
57,137	0	87,029
0	9,140	9,140
0	5,127	5,127
<u>44,500</u>	<u>0</u>	<u>44,500</u>
<u>311,320</u>	<u>807,396</u>	<u>1,924,802</u>
3,697,209	545,658	7,671,842
<u>464,691</u>	<u>733,328</u>	<u>5,252,080</u>
<u>4,161,900</u>	<u>1,278,986</u>	<u>12,923,922</u>
12,836	3,754	1,018,976
2,835,504	4,141,011	11,356,442
0	1,410,195	1,412,342
0	0	2,322,361
<u>0</u>	<u>(604)</u>	<u>2,393,090</u>
<u>2,848,340</u>	<u>5,554,356</u>	<u>18,503,211</u>
<u>\$7,321,560</u>	<u>\$7,640,738</u>	<u>\$33,351,935</u>

Ashland County  
 Reconciliation of Total Governmental Fund Balances  
 to Net Position of Governmental Activities  
 December 31, 2017

Total Governmental Fund Balances		\$18,503,211
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		32,700,006
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Accounts Receivable	26,131	
Accrued Interest Receivable	30,788	
Permissive Sales Taxes Receivable	1,387,038	
Due from Other Governments	3,385,117	
Delinquent Property Taxes Receivable	423,006	
		5,252,080
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Accrued Interest Payable	(500)	
General Obligation Bonds Payable	(200,000)	
Loan Payable	(76,934)	
Compensated Absences Payable	(1,167,355)	
		(1,444,789)
<p>The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.</p>		
Deferred Outflows - Pension	8,925,158	
Deferred Inflows - Pension	(622,726)	
Net Pension Liability	(23,382,789)	
		(15,080,357)
Net Position of Governmental Activities		\$39,930,151

See Accompanying Notes to the Basic Financial Statements



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Ashland County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2017

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,428,792	\$0	\$0	\$893,751
Permissive Sales Taxes	6,578,905	0	0	0
Other Local Taxes	6,003	193,233	0	0
Charges for Services	2,180,700	0	0	0
Licenses and Permits	3,150	0	0	0
Fines and Forfeitures	84,950	33,983	0	0
Intergovernmental	1,600,060	4,422,622	2,616,899	2,087,419
Interest	156,824	15,035	0	0
Other	598,376	57,993	214,178	180,420
Total Revenues	<u>13,637,760</u>	<u>4,722,866</u>	<u>2,831,077</u>	<u>3,161,590</u>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,999,852	0	0	0
Judicial	1,646,011	0	0	0
Public Safety				
Sheriff	4,860,550	0	0	0
Other	206,968	0	0	0
Public Works	79,596	4,486,649	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	2,847,347
Developmental Disabilities	0	0	0	0
Other	180,917	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,996,674	0
Other	311,275	0	0	0
Conservation and Recreation	59,667	0	0	0
Capital Outlay	0	0	0	0
Intergovernmental	75,450	0	0	0
Debt Service:				
Principal Retirement	0	0	10,000	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>12,420,286</u>	<u>4,486,649</u>	<u>3,006,674</u>	<u>2,847,347</u>
Excess of Revenues Over (Under) Expenditures	<u>1,217,474</u>	<u>236,217</u>	<u>(175,597)</u>	<u>314,243</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	90,286	0
Transfers Out	(521,946)	0	0	0
Total Other Financing Sources (Uses)	<u>(521,946)</u>	<u>0</u>	<u>90,286</u>	<u>0</u>
Changes in Fund Balances	695,528	236,217	(85,311)	314,243
Fund Balances Beginning of Year	<u>4,393,525</u>	<u>2,080,540</u>	<u>907,292</u>	<u>1,558,481</u>
Fund Balances End of Year	<u>\$5,089,053</u>	<u>\$2,316,757</u>	<u>\$821,981</u>	<u>\$1,872,724</u>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,620,382	\$535,389	\$7,478,314
0	1,812,292	8,391,197
0	0	199,236
6,300	1,251,636	3,438,636
0	332,864	336,014
0	192,606	311,539
2,917,753	3,321,241	16,965,994
25,497	3,055	200,411
130,156	489,747	1,670,870
<u>6,700,088</u>	<u>7,938,830</u>	<u>38,992,211</u>
0	796,226	5,796,078
0	454,322	2,100,333
0	2,163,387	7,023,937
0	14,815	221,783
0	15,079	4,581,324
0	0	2,847,347
6,742,120	0	6,742,120
0	787,497	968,414
0	1,827,712	1,827,712
0	465,454	3,462,128
0	1,084,915	1,396,190
0	0	59,667
0	284,644	284,644
0	123,010	198,460
0	360,000	370,000
0	11,040	11,040
<u>6,742,120</u>	<u>8,388,101</u>	<u>37,891,177</u>
<u>(42,032)</u>	<u>(449,271)</u>	<u>1,101,034</u>
1,660	430,000	521,946
0	0	(521,946)
<u>1,660</u>	<u>430,000</u>	<u>0</u>
(40,372)	(19,271)	1,101,034
<u>2,888,712</u>	<u>5,573,627</u>	<u>17,402,177</u>
<u>\$2,848,340</u>	<u>\$5,554,356</u>	<u>\$18,503,211</u>

Ashland County  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2017

Changes in Fund Balances - Total Governmental Funds \$1,101,034

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

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

Capital Outlay - Nondepreciable Capital Assets	168,826	
Capital Outlay - Depreciable Capital Assets	1,078,814	
Depreciation	<u>(3,022,924)</u>	(1,775,284)

The cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (44,612)

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

Delinquent Property Taxes	63,676	
Permissive Sales Taxes	(37,544)	
Intergovernmental	439,305	
Interest	8,806	
Other	<u>23,868</u>	498,111

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position. 370,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net position. 840

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 66,052

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities. (4,077,939)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows. 1,721,963

Change in Net Position of Governmental Activities (\$2,139,835)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Revenues</u>				
Property Taxes	\$2,356,000	\$2,399,000	\$2,397,945	(\$1,055)
Permissive Sales Taxes	5,900,000	6,575,000	6,573,917	(1,083)
Other Local Taxes	3,500	3,500	6,003	2,503
Charges for Services	1,795,965	1,921,453	2,075,278	153,825
Licenses and Permits	2,550	2,550	3,150	600
Fines and Forfeitures	87,150	87,150	84,794	(2,356)
Intergovernmental	1,441,463	1,413,275	1,422,777	9,502
Interest	70,000	175,000	152,536	(22,464)
Other	329,256	500,556	485,433	(15,123)
<b>Total Revenues</b>	<b>11,985,884</b>	<b>13,077,484</b>	<b>13,201,833</b>	<b>124,349</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	5,290,793	5,363,591	5,091,250	272,341
Judicial	1,693,603	1,793,620	1,630,581	163,039
Public Safety				
Sheriff	4,908,049	4,972,032	4,855,342	116,690
Other	243,619	243,619	206,584	37,035
Public Works	81,030	85,828	79,531	6,297
Health				
Other	184,213	184,709	180,917	3,792
Human Services				
Other	409,225	409,225	312,969	96,256
Conservation and Recreation	37,000	59,667	59,667	0
Intergovernmental	75,450	75,450	75,450	0
<b>Total Expenditures</b>	<b>12,922,982</b>	<b>13,187,741</b>	<b>12,492,291</b>	<b>695,450</b>
Excess of Revenues Over (Under) Expenditures	(937,098)	(110,257)	709,542	819,799
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	10,000	10,000	15,685	5,685
Transfers Out	(1,293,537)	(1,280,765)	(521,946)	758,819
<b>Total Other Financing Sources (Uses)</b>	<b>(1,283,537)</b>	<b>(1,270,765)</b>	<b>(506,261)</b>	<b>764,504</b>
Changes in Fund Balance	(2,220,635)	(1,381,022)	203,281	1,584,303
Fund Balance Beginning of Year	3,499,881	3,499,881	3,499,881	0
Prior Year Encumbrances Appropriated	186,553	186,553	186,553	0
<b>Fund Balance End of Year</b>	<b>\$1,465,799</b>	<b>\$2,305,412</b>	<b>\$3,889,715</b>	<b>\$1,584,303</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Other Local Taxes	\$192,600	\$192,600	\$193,459	\$859
Fines and Forfeitures	32,000	33,200	33,120	(80)
Intergovernmental	4,727,000	4,290,000	4,432,727	142,727
Interest	1,500	12,500	15,035	2,535
Other	45,000	45,000	60,636	15,636
Total Revenues	<u>4,998,100</u>	<u>4,573,300</u>	<u>4,734,977</u>	<u>161,677</u>
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	6,150,202	5,800,202	4,686,712	1,113,490
Road and Bridge	54,500	54,500	18,838	35,662
Total Expenditures	<u>6,204,702</u>	<u>5,854,702</u>	<u>4,705,550</u>	<u>1,149,152</u>
Changes in Fund Balance	(1,206,602)	(1,281,402)	29,427	1,310,829
Fund Balance Beginning of Year	1,145,989	1,145,989	1,145,989	0
Prior Year Encumbrances Appropriated	78,202	78,202	78,202	0
Fund Balance End of Year	<u>\$17,589</u>	<u>(\$57,211)</u>	<u>\$1,253,618</u>	<u>\$1,310,829</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Job and Family Services Fund  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$2,685,000	\$2,685,000	\$2,616,209	(\$68,791)
Other	75,000	75,000	218,659	143,659
Total Revenues	<u>2,760,000</u>	<u>2,760,000</u>	<u>2,834,868</u>	<u>74,868</u>
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	3,068,251	3,184,458	2,937,854	246,604
Debt Service:				
Principal Retirement	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Expenditures	<u>3,078,251</u>	<u>3,194,458</u>	<u>2,947,854</u>	<u>246,604</u>
Excess of Revenues Under Expenditures	(318,251)	(434,458)	(112,986)	321,472
<u>Other Financing Sources</u>				
Transfers In	<u>318,251</u>	<u>168,251</u>	<u>90,286</u>	<u>(77,965)</u>
Changes in Fund Balance	0	(266,207)	(22,700)	243,507
Fund Balance Beginning of Year	<u>619,606</u>	<u>619,606</u>	<u>619,606</u>	<u>0</u>
Fund Balance End of Year	<u>\$619,606</u>	<u>\$353,399</u>	<u>\$596,906</u>	<u>\$243,507</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Alcohol, Drug Addiction, and Mental Health Services Fund  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$842,500	\$882,500	\$883,106	\$606
Intergovernmental	1,904,710	2,069,207	2,068,743	(464)
Other	<u>90,527</u>	<u>182,527</u>	<u>182,516</u>	<u>(11)</u>
Total Revenues	2,837,737	3,134,234	3,134,365	131
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	<u>2,979,051</u>	<u>3,116,253</u>	<u>3,045,708</u>	<u>70,545</u>
Changes in Fund Balance	(141,314)	17,981	88,657	70,676
Fund Balance Beginning of Year	1,605,104	1,605,104	1,605,104	0
Prior Year Encumbrances Appropriated	<u>50,337</u>	<u>50,337</u>	<u>50,337</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,514,127</u></u>	<u><u>\$1,673,422</u></u>	<u><u>\$1,744,098</u></u>	<u><u>\$70,676</u></u>

See Accompanying Notes to the Basic Financial Statements



Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Developmental Disabilities Fund  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$3,410,000	\$3,410,000	\$3,576,953	\$166,953
Charges for Services	0	0	6,300	6,300
Intergovernmental	2,925,499	3,071,499	2,912,580	(158,919)
Interest	10,000	21,500	25,497	3,997
Other	145,000	145,000	130,246	(14,754)
<b>Total Revenues</b>	<b>6,490,499</b>	<b>6,647,999</b>	<b>6,651,576</b>	<b>3,577</b>
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	6,954,071	7,021,071	6,675,213	345,858
Excess of Revenues Under Expenditures	(463,572)	(373,072)	(23,637)	349,435
<u>Other Financing Sources</u>				
Transfers In	0	3,000	1,660	(1,340)
<b>Changes in Fund Balance</b>	<b>(463,572)</b>	<b>(370,072)</b>	<b>(21,977)</b>	<b>348,095</b>
<b>Fund Balance Beginning of Year</b>	<b>2,960,794</b>	<b>2,960,794</b>	<b>2,960,794</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$2,497,222</b>	<b>\$2,590,722</b>	<b>\$2,938,817</b>	<b>\$348,095</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Fund Net Position  
Enterprise Funds  
December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Landfill</u>	<u>Other Enterprise</u>	<u>Total Enterprise</u>
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$153,823	\$55,486	\$209,309
Cash and Cash Equivalents in Segregated Accounts	0	22,483	22,483
Accounts Receivable	42,410	16,536	58,946
Due from Other Governments	64	0	64
Inventory Held for Resale	0	6,675	6,675
<b>Total Current Assets</b>	<b>196,297</b>	<b>101,180</b>	<b>297,477</b>
<u>Non-Current Assets</u>			
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	317,600	0	317,600
Nondepreciable Capital Assets	61,465	57,400	118,865
Depreciable Capital Assets, Net	0	207,661	207,661
<b>Total Non-Current Assets</b>	<b>379,065</b>	<b>265,061</b>	<b>644,126</b>
<b>Total Assets</b>	<b>575,362</b>	<b>366,241</b>	<b>941,603</b>
<u>Deferred Outflows of Resources</u>			
Pension	0	86,649	86,649
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	1,860	11,821	13,681
Accounts Payable	13,882	12,598	26,480
Due to Other Governments	652	4,149	4,801
Interfund Payable	398	39,276	39,674
Compensated Absences Payable	3,112	4,138	7,250
Postclosure Costs Payable	81,041	0	81,041
<b>Total Current Liabilities</b>	<b>100,945</b>	<b>71,982</b>	<b>172,927</b>
<u>Non-Current Liabilities</u>			
Net Pension Liability	0	224,106	224,106
Compensated Absences Payable	1,883	4,535	6,418
Postclosure Costs Payable	1,167,218	0	1,167,218
<b>Total Non-Current Liabilities</b>	<b>1,169,101</b>	<b>228,641</b>	<b>1,397,742</b>
<b>Total Liabilities</b>	<b>1,270,046</b>	<b>300,623</b>	<b>1,570,669</b>
<u>Deferred Inflows of Resources</u>			
Pension	0	3,204	3,204
<u>Net Position</u>			
Net Investment in Capital Assets	61,465	265,061	326,526
Unrestricted (Deficit)	(756,149)	(115,998)	(872,147)
<b>Total Net Position (Deficit)</b>	<b>(\$694,684)</b>	<b>\$149,063</b>	<b>(\$545,621)</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended December 31, 2017

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Operating Revenues</u>			
Charges for Services	\$476,551	\$130,000	\$606,551
Sale of Recyclables	0	461,582	461,582
Other	406	11,092	11,498
Total Operating Revenues	476,957	602,674	1,079,631
<u>Operating Expenses</u>			
Personal Services	55,050	241,526	296,576
Materials and Supplies	888	10,963	11,851
Contractual Services	51,184	53,857	105,041
Purchase of Recyclables	0	7,884	7,884
Other	159,429	309,050	468,479
Depreciation	0	24,425	24,425
Total Operating Expenses	266,551	647,705	914,256
Operating Income (Loss)	210,406	(45,031)	165,375
Changes in Net Position	210,406	(45,031)	165,375
Net Position (Deficit) Beginning of Year	(905,090)	194,094	(710,996)
Net Position (Deficit) End of Year	(\$694,684)	\$149,063	(\$545,621)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Landfill</u>	<u>Other Enterprise</u>	<u>Total Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$472,457	\$593,071	\$1,065,528
Cash Received from Other Revenues	406	48,200	48,606
Cash Payments for Personal Services	(54,978)	(204,245)	(259,223)
Cash Payments to Suppliers	(888)	(1,173)	(2,061)
Cash Payments for Contractual Services	(123,369)	(60,054)	(183,423)
Cash Payments for Other Expenses	(158,232)	(304,339)	(462,571)
Net Cash Provided by Operating Activities	135,396	71,460	206,856
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	0	(37,109)	(37,109)
Net Increase in Cash and Cash Equivalents	135,396	34,351	169,747
Cash and Cash Equivalents Beginning of Year	336,027	43,618	379,645
Cash and Cash Equivalents End of Year	\$471,423	\$77,969	\$549,392
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$210,406	(\$45,031)	\$165,375
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by Operating Activities</u>			
Depreciation	0	24,425	24,425
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(4,432)	1,489	(2,943)
Decrease in Due from Other Governments	338	0	338
Decrease in Inventory Held for Resale	0	7,884	7,884
Increase in Accrued Wages Payable	0	2,842	2,842
Increase in Accounts Payable	7,781	8,227	16,008
Increase in Due to Other Governments	18	1,104	1,122
Increase in Interfund Payable	398	39,225	39,623
Increase (Decrease) in Compensated Absences Payable	(344)	1,353	1,009
Decrease in Postclosure Costs Payable	(78,769)	0	(78,769)
Increase in Net Pension Liability	0	5,016	5,016
Decrease in Deferred Outflows - Pension	0	28,769	28,769
Decrease in Deferred Inflows - Pension	0	(3,843)	(3,843)
Total Adjustments	(75,010)	116,491	41,481
Net Cash Provided by Operating Activities	\$135,396	\$71,460	\$206,856
See Accompanying to the Basic Financial Statements			

Ashland County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2017

	Private Purpose Trust	Agency
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$19,830	\$3,563,292
Cash and Cash Equivalents in Segregated Accounts	0	1,115,903
Accrued Interest Receivable	23	0
Other Local Taxes Receivable	0	17,872
Due from Other Governments	0	2,116,062
Property Taxes Receivable	0	54,008,849
Special Assessments Receivable	0	713,022
	19,853	\$61,535,000
<u>Liabilities</u>		
Due to Other Governments	0	\$58,500,727
Due to External Parties	0	6,699
Undistributed Assets	0	3,027,574
	0	\$61,535,000
<u>Net Position</u>		
Held in Trust for Children's Services	19,853	
Total Net Position	\$19,853	

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Change in Fiduciary Net Position  
Private Purpose Trust Fund  
For the Year Ended December 31, 2017

<u>Additions</u>	
Interest	<u>\$215</u>
<u>Deductions</u>	
Human Services	
Children Services	<u>433</u>
Change in Net Position	(218)
Net Position Beginning of Year	<u>20,071</u>
Net Position End of Year	<u><u>\$19,853</u></u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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**Note 1 - Reporting Entity**

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

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

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Ashland County in 2017.

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

The County participates in several jointly governed organizations and insurance pools, and is associated with a related organization. These organizations are presented in Notes 21, 22, and 23 to the basic financial statements. These organizations are:

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

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

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the County, deferred outflows of resources are reported on the government-wide and enterprise funds statement of net position for pension and explained in Note 14 to the basic financial statements.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension are reported on the government-wide and enterprise funds statement of net position and explained in Note 14 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

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

**F. Cash and Investments**

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

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

During 2017, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. Star Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. Star Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board Statement No. 79, “Certain External Investment Pools and Pool Participants”. The County measures the investment in Star Ohio at the net asset value (NAV) per share provided by Star Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$25 million. Star Ohio reserves the right to limit the transaction to \$50 million requiring the excess amount to be transacted the following business day(s) but only to the \$50 million limit. All accounts of the participant will be combined for this purpose.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2017 was \$156,824, which includes \$129,151 assigned from other County funds.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Inventory**

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

**I. Restricted Assets**

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

**J. Capital Assets**

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

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

K. Interfund Receivables/Payables

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

L. Compensated Absences

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

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

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Position

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

O. Fund Balance

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

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

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

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



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2018 budget. Certain resources have also been assigned for document recording and operations of the sheriff.

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

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

P. Operating Revenues and Expenses

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

Q. Interfund Transactions

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

**R. Pension**

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

**S. Estimates**

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

**Note 3 - Change in Accounting Principles**

For 2017, the County has implemented Governmental Accounting Standard Board (GASB) Implementation Guide No. 2016-1. These changes were incorporated in the County's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 - Accountability and Compliance**

**A. Accountability**

At December 31, 2017, the Child Support Enforcement special revenue fund had a deficit fund balance, in the amount of \$604. The deficit fund balance resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The Landfill enterprise fund had a deficit net position, in the amount of \$694,684. The deficit is due to reporting a liability for postclosure costs. There was an increase in net position for 2017.

**B. Compliance**

For the year ended December 31, 2017, the Motor Vehicle and Gasoline Tax special revenue fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$57,211. The Auditor will review appropriations to ensure they are within amounts available.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

The following fund had expenditures in excess of appropriations for the year ended December 31, 2017.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Senior Citizen Services	\$601,547	\$601,888	(\$341)

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

**Note 5 - Budgetary Basis of Accounting**

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$695,528	\$236,217	(\$85,311)	\$314,243	(\$40,372)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2016, Received in Cash 2017	669,810	315,770	177,024	2,096	52,828
Accrued 2017, Not Yet Received in Cash	(950,970)	(302,796)	(173,291)	(13,647)	(28,210)
Expenditure Accruals					
Accrued 2016, Paid in Cash 2017	(327,765)	(148,914)	104,130	(125,426)	(243,604)
Accrued 2017, Not Yet Paid in Cash	355,348	167,587	(45,917)	68,772	311,320
Cash Adjustments					
Unrecorded Activity 2016	88,294	1,256	122	26,370	106,492
Unrecorded Activity 2017	(227,332)	(2,119)	(64)	(42,044)	(179,622)
Prepaid Items	(4,770)	0	0	0	0
Materials and Supplies Inventory	(9,358)	57,574	617	0	(634)
Encumbrances Outstanding at Year End (Budget Basis)	(85,504)	(295,148)	(10)	(141,707)	(175)
Budget Basis	<u>\$203,281</u>	<u>\$29,427</u>	<u>(\$22,700)</u>	<u>\$88,657</u>	<u>(\$21,977)</u>

**Note 6 - Deposits and Investments**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts in eligible institutions pursuant to Ohio Revised Code Section 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in division (1) or (2) above; commercial paper as described in Ohio Revised Code Section 135.143(6); and repurchase agreements secured by such obligations provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Up to forty percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. A current unpaid or delinquent tax line of credit provided certain conditions are met related to a County land reutilization corporation organized under Ohio Revised Code Chapter 1724; and,

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

12. Up to 2 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government and all interest and principal shall be denominated and payable in United States funds.

Investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Bankers' acceptances must mature within one hundred eighty days. Commercial paper and corporate notes must mature within two hundred seventy days. All other investments must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that they will be held to maturity.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$240,231 of the County's bank balance of \$10,796,059 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

In January and April 2018, two of the County's financial institutions participating in OPCS were approved for a reduced collateral floor of 50 percent. At the time the reduced floor became effective, none of the County's bank balance was exposed to custodial credit risk.

One of the County's financial institutions was in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

Investments

As of December 31, 2017, the County had the following investments:

Measurement/ Investment	Measurement Amount	Maturity
Fair Value - Level Two Inputs		
Federal Farm Credit Bank Notes	\$497,015	11/19/18
Federal Farm Credit Bank Notes	493,285	7/12/19
Federal Farm Credit Bank Notes	492,120	9/12/19
Federal Farm Credit Bank Notes	492,815	9/26/19
Federal Farm Credit Bank Notes	493,965	4/27/20
Federal Farm Credit Bank Notes	492,230	5/19/20
Federal Home Loan Bank Notes	499,070	6/29/18
Federal Home Loan Bank Notes	498,900	6/29/18
Federal Home Loan Bank Notes	495,945	7/13/20
Federal Home Loan Mortgage Corporation Notes	496,795	6/28/19
Federal Home Loan Mortgage Corporation Notes	493,660	9/30/19
Federal Home Loan Mortgage Corporation Notes	497,615	11/27/20
Federal National Mortgage Association Notes	495,060	1/25/19
Federal National Mortgage Association Notes	494,895	6/28/19
Total Fair Value - Level Two Inputs	6,933,370	
Net Value Per Share		
STAR Ohio	4,897,383	52.1 Days
Total Investments	\$11,830,753	

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2017. The County's investment in mutual funds measured at fair value is valued using quoted market prices (Level 1 inputs). The remainder of the County's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/ dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

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

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

	Fair Value	Percentage of Portfolio
Federal Farm Credit Bank	\$2,961,430	25.03%
Federal Home Loan Bank	1,493,915	12.63
Federal Home Loan Mortgage Corporation	1,488,070	12.58
Federal National Mortgage Association	989,995	8.37

**Note 7 - Receivables**

Receivables at December 31, 2017, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; amounts due from external parties; interfund; and property taxes. All receivables are considered fully collectible within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$297,842
Bureau of Workers' Compensation	4,345
City of Ashland	1,213
Casino Tax	159,995
Public Defender Grant	33,814
State of Ohio	219,517
Homestead and Rollback	170,123
Total General Fund	886,849
Motor Vehicle and Gasoline Tax	
Gasoline Tax	934,567
Motor Vehicle License Fees	1,180,769
Orange Township	2,682
Total Motor Vehicle and Gasoline Tax	2,118,018
Job and Family Services	
Public Assistance Grant	302,134
	(continued)



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 7 - Receivables** (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Alcohol, Drug Addiction, and Mental Health Services	
Homestead and Rollback	\$60,614
Whole Child Matters	9,997
MHRB HUD	4,600
State of Ohio	9,047
Total Alcohol, Drug Addiction, and Mental Health Services	84,258
Developmental Disabilities	
Title XX	3,797
Family Resources/Respite	26,771
Homestead and Rollback	236,346
State of Ohio	20,576
Total Developmental Disabilities	287,490
Total Major Funds	3,678,749
Nonmajor Funds	
Law Library	
City Fines	11,274
Victims of Crime	
Victims of Crime Grant	6,689
Children Services	
Foster Care Reimbursement	98,022
Child Support Enforcement Agency	
Child Support Enforcement Agency	45,958
Senior Citizens Services	
Homestead and Rollback	36,293
Felony Delinquent Care	
RECLAIM Grant	119,073
Community Corrections	
Community Corrections Grant	49,747
Mandatory Continued Professional Training	
CORSAs	1,910
County Jail	
County Sheriff	13,137
State of Ohio	2,240
Total County Jail	15,377
Capital Projects	
Casino Tax	159,995
State of Ohio	2,240
Total Capital Projects	162,235
Total Nonmajor Funds	546,578
Total Governmental Activities	\$4,225,327
Business-Type Activities	
Landfill	
Solid Waste Fees	\$64

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 7 - Receivables** (continued)

	Amount
Agency Funds	
Local Government	\$808,611
Library Local Government	367,509
Gasoline Tax	657,609
Motor Vehicle License Fees	252,868
Permissive Motor Vehicle License Tax	9,772
Homestead and Rollback	19,693
Total Agency Funds	\$2,116,062

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

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

**Note 9 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2017 represent the collection of 2016 taxes. Real property taxes received in 2017 were levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2017 represent the collection of 2016 taxes. Public utility real and tangible personal property taxes received in 2017 became a lien on December 31, 2015, were levied after October 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2017, was \$9.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

Real Property	
Residential	\$617,344,710
Agriculture	199,778,480
Commercial/Industrial/Mineral	145,012,900
Public Utility Property	
Real	558,500
Personal	79,230,840
Total Assessed Value	\$1,041,925,430

**Note 10 - Capital Assets**

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	445,331	168,826	(614,157)	0
Total Nondepreciable Capital Assets	1,266,268	168,826	(614,157)	820,937
Depreciable Capital Assets				
Land Improvements	285,596	0	0	285,596
Buildings	20,883,989	0	0	20,883,989
Building Improvements	1,985,538	0	0	1,985,538
Roads	50,332,745	621,764	0	50,954,509
Bridges	15,589,021	734,493	(171,584)	16,151,930
Equipment	2,935,391	209,299	0	3,144,690
Vehicles	3,281,007	127,415	0	3,408,422
Total Depreciable Capital Assets	95,293,287	1,692,971	(171,584)	96,814,674

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 10 - Capital Assets** (continued)

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Governmental Activities (continued)				
Less Accumulated Depreciation for				
Land Improvements	(\$120,336)	(\$11,100)	\$0	(\$131,436)
Buildings	(9,464,369)	(448,286)	0	(9,912,655)
Building Improvements	(1,078,764)	(34,651)	0	(1,113,415)
Roads	(37,665,381)	(1,978,296)	0	(39,643,677)
Bridges	(8,967,684)	(323,038)	126,972	(9,163,750)
Equipment	(2,224,474)	(96,155)	0	(2,320,629)
Vehicles	(2,518,645)	(131,398)	0	(2,650,043)
Total Accumulated Depreciation	<u>(62,039,653)</u>	<u>(3,022,924)</u>	<u>126,972</u>	<u>(64,935,605)</u>
Total Depreciable Capital Assets, Net	<u>33,253,634</u>	<u>(1,329,953)</u>	<u>(44,612)</u>	<u>31,879,069</u>
Governmental Activities Capital Assets, Net	<u>\$34,519,902</u>	<u>(\$1,161,127)</u>	<u>(\$658,769)</u>	<u>\$32,700,006</u>
	Balance			Balance
	December 31,	Additions	Reductions	December
	2016			31, 2017
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$118,865	\$0	\$0	\$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	0	49,072
Buildings	250,510	0	0	250,510
Equipment	427,591	0	(38,708)	388,883
Vehicles	184,957	37,109	(18,000)	204,066
Total Depreciable Capital Assets	<u>912,130</u>	<u>37,109</u>	<u>(56,708)</u>	<u>892,531</u>
Less Accumulated Depreciation for				
Land Improvements	(49,072)	0	0	(49,072)
Buildings	(108,554)	(4,175)	0	(112,729)
Equipment	(415,930)	(6,188)	38,708	(383,410)
Vehicles	(143,597)	(14,062)	18,000	(139,659)
Total Accumulated Depreciation	<u>(717,153)</u>	<u>(24,425)</u>	<u>56,708</u>	<u>(684,870)</u>
Total Depreciable Capital Assets, Net	<u>194,977</u>	<u>12,684</u>	<u>0</u>	<u>207,661</u>
Business-Type Activities Capital Assets, Net	<u>\$313,842</u>	<u>\$12,684</u>	<u>\$0</u>	<u>\$326,526</u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 10 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$79,856
Judicial	11,978
Public Safety	
Sheriff	316,426
Public Works	2,457,881
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	91,747
Other	1,219
Human Services	
Job and Family Services	35,030
Other	463
Conservation and Recreation	19,261
Total Depreciation Expense - Governmental Activities	\$3,022,924

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Fund	
Recycling	\$24,425

**Note 11 - Interfund Receivables/Payables**

Interfund balances at December 31, 2017, consisted of the following receivables and payables:

Due to General Fund from:	
Motor Vehicle and Gasoline Tax	\$11,980
Job and Family Services	22,208
Alcohol, Drug Addiction, and Mental Health Services	3,686
Developmental Disabilities	34,460
Other Governmental Funds	17,016
Landfill	398
Other Enterprise	2,168
Total General Fund	\$91,916
Due to Motor Vehicle and Gasoline Tax Fund from:	
General Fund	\$891
Due to Job and Family Services Fund from:	
Other Governmental Funds	\$260,296
Due to Other Governmental Funds from:	
Other Governmental Funds	\$165,223
Other Enterprise	37,108
Total Other Governmental Funds	\$202,331

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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**Note 11 - Interfund Receivables/Payables** (continued)

The amounts due to the General Fund were for services provided to the Motor Vehicle and Gasoline Tax Fund; Job and Family Services Fund; Alcohol, Drug Addiction, and Mental Health Services Fund; Developmental Disabilities Fund; other governmental funds; and the Landfill Fund; and the other enterprise fund. These amounts are expected to be received within one year.

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

The amount due to other governmental funds from the other enterprise fund was to provide resources to subsidize operations. Of this amount, \$12,370 is expected to be paid back within one year.

**Note 12 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Cyber Liability	1,000,000
Building and Contents	105,619,550
Other Property Insurance	
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

With the exceptions of medical and dental coverage for Developmental Disabilities employees and workers' compensation, insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2016 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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**Note 12 - Risk Management** (continued)

For 2017, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

**Note 13 - Significant Commitments**

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2018 are as follows:

General Fund	\$85,504
Motor Vehicle and Gasoline Tax Fund	295,148
Alcohol, Drug Addiction, and Mental Health Services Fund	141,707
Other Governmental Funds	117,849
	<u>\$640,208</u>

**Note 14 - Defined Benefit Pension Plans**

**Net Pension Liability**

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

**Note 14 - Defined Benefit Pension Plans** (continued)

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

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

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

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

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

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

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



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

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

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

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

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

	State and Local	Public Safety	Law Enforcement
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer			
Pension	13.0 %	17.1 %	17.1 %
Postemployment Health Care Benefits	1.0	1.0	1.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$1,703,582 for 2017. Of this amount, \$214,997 is reported as an intergovernmental payable.

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

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

**Note 14 - Defined Benefit Pension Plans** (continued)

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

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Effective July 1, 2017, the cost of living adjustment was reduced to zero. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

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

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and the remaining 2 percent goes to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty or later.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2017, the employer rate was 14 percent and the member rate was also 14 percent of covered salary. The 2017 contribution rates were equal to the statutory maximum rates.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

The County's contractually required contribution to STRS was \$35,417 for 2017; 100 percent has been contributed for 2017.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the net pension liability for STRS was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plans relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.09868900%	0.00503595%	
Prior Measurement Date	0.10089046%	0.00559366%	
Change in Proportionate Share	<u>0.00220146%</u>	<u>0.00055771%</u>	
Proportionate Share of the Net			
Pension Liability	\$22,410,591	\$1,196,301	\$23,606,892
Pension Expense	\$4,697,726	(\$534,630)	\$4,163,096

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Difference Between Expected and Actual Experience	\$30,376	\$46,196	\$76,572
Changes of Assumptions	3,554,595	261,644	3,816,239
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,337,455	0	3,337,455
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	38,894	3,648	42,542
County Contributions Subsequent to the Measurement Date	<u>1,703,582</u>	<u>35,417</u>	<u>1,738,999</u>
Total Deferred Outflows of Resources	<u>\$8,664,902</u>	<u>\$346,905</u>	<u>\$9,011,807</u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Difference Between Expected and Actual Experience	\$133,377	\$9,642	\$143,019
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	39,479	39,479
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	186,961	256,471	443,432
Total Deferred Inflows of Resources	<u>\$320,338</u>	<u>\$305,592</u>	<u>\$625,930</u>

\$1,738,999 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Year Ending December 31,	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$2,744,033	(\$18,873)	\$2,725,160
2019	2,816,056	34,831	2,850,887
2020	1,178,723	1,890	1,180,613
2021	(97,830)	(11,952)	(109,782)
Total	<u>\$6,640,982</u>	<u>\$5,896</u>	<u>\$6,646,878</u>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. In 2016, the OPERS actuarial consultants conducted an experience study for the period 2011 through 2015 comparing assumptions to actual results. The experience study incorporates both a historical review and forward looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions with the most notable being a reduction in the actuarially assumed rate of return from 8 percent to 7.5 percent for the defined benefit investments.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared to December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age

For 2016, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvements scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior 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.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016, and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the traditional pension plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. The Defined Benefit portfolio historically included the assets of the member-directed retiree medical accounts funded through the VEBA Trust; however, the VEBA Trust was closed as of June 30, 2016, and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 annual money weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 8.3 percent for 2016.

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 plan. The table below displays the board approved asset allocation policy for 2016 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 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 contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's Proportionate Share of the Net Pension Liability	\$34,237,188	\$22,410,594	\$12,555,215

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation compared with July 1, 2016, are presented below.

	July 1, 2017	July 1, 2016
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses including inflation
Payroll Increases	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

For the July 1, 2017, actuarial valuation, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter projected forward generationally using mortality improvement scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females projected forward generationally using mortality improvement scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table projected forward generationally using mortality improvement scale MP-2016.



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

For the July 1, 2016, actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males' ages are set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study effective for the period July 1, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study effective July 1, 2012.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
	<u>100.00%</u>	

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over the 30 year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 14 - Defined Benefit Pension Plans** (continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net Pension Liability	\$1,714,856	\$1,196,301	\$759,495

**Note 15 - Postemployment Benefits**

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment 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 and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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**Note 15 - Postemployment Benefits** (continued)

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. The portion of the employer contribution allocated to health care for members of both the traditional and combined plans was 1 percent for 2017. As recommended by OPERS' actuary, the portion of the employer contribution allocated to health care beginning January 1, 2018, decreased to 0 percent 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. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2017.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$124,915, \$242,902, and \$240,128, respectively. For 2017, 85 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

**B. State Teachers Retirement System**

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing multiple-employer defined benefit health care plan for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2019. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2017, 2016, and 2015, STRS did not allocate any employer contributions to postemployment health care.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 16 - Other Employer Benefits**

A. Compensated Absences

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

B. Employee Health Insurance

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

**Note 17 - Long-Term Obligations**

The County's long-term obligations activity for the year ended December 31, 2017, was as follows:

	Interest Rate	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2011 County Jail (Original Amount \$2,265,000)	1.0-3.0%	\$560,000	\$0	\$360,000	\$200,000	\$200,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		17,300,745	4,885,743	0	22,186,488	0
State Teachers Retirement System		1,872,367	0	676,066	1,196,301	0
Total Net Pension Liability		19,173,112	4,885,743	676,066	23,382,789	0
Loan Payable		86,934	0	10,000	76,934	10,000
Compensated Absences		1,233,407	146,194	212,246	1,167,355	355,261
Total Other Long-Term Obligations		20,493,453	5,031,937	898,312	24,627,078	365,261
Total Governmental Activities		\$21,053,453	\$5,031,937	\$1,258,312	\$24,827,078	\$565,261

Ashland County  
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For the Year Ended December 31, 2017

**Note 17 - Long-Term Obligations** (continued)

	Interest Rate	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Due Within One Year
<u>Business-Type Activities</u>						
Net Pension Liability						
Ohio Public Employees Retirement System		\$174,755	\$49,351	\$0	\$224,106	\$0
Compensated Absences		12,659	1,009	0	13,668	7,250
Closure/Postclosure Costs		1,327,028	0	78,769	1,248,259	81,041
Total Business-Type Activities		<u>\$1,514,442</u>	<u>\$50,360</u>	<u>\$78,769</u>	<u>\$1,486,033</u>	<u>\$88,291</u>

General Obligation Bonds

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

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

Net Pension Liability

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

Loan Payable

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

Compensated Absences

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 17 - Long-Term Obligations** (continued)

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

	General Obligation Bonds		Loan Payable
	Principal	Interest	Principal
2018	\$200,000	\$3,000	\$10,000
2019	0	0	10,000
2020	0	0	10,000
2021	0	0	10,000
2022	0	0	10,000
2023-2025	0	0	26,934
	\$200,000	\$3,000	\$76,934

The County's legal debt margin at December 31, 2017, was \$24,548,136.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2017
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$2,260,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	3,240,000
Bretheran Care, Inc.	1/1/05	16,160,000	8,740,000
		\$24,870,000	\$14,240,000

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

**Note 18 - Postclosure Costs**

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,248,259 reported as the landfill postclosure liability at December 31, 2017, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2017, liability decreased from the prior year by \$78,769.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 19 - Interfund Transfers**

During 2017, the General Fund made transfers to the Job and Family Services special revenue fund, in the amount of \$90,286, the Developmental Disabilities special revenue fund, in the amount of \$1,660, and to other governmental funds, in the amount of \$430,000, to subsidize operations in those funds.

**Note 20 - Fund Balance**

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Prepaid Items	\$253,126	\$0	\$0	\$0
Materials and Supplies				
Inventory	37,754	630,663	5,793	0
Unclaimed Monies	75,050	0	0	0
<b>Total Nonspendable</b>	<b>365,930</b>	<b>630,663</b>	<b>5,793</b>	<b>0</b>
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,872,724
Job and Family Services Operations	0	0	816,188	0
Road and Bridge Repair/ Improvement	0	1,686,094	0	0
Sheriff Operations	4,921	0	0	0
<b>Total Restricted</b>	<b>4,921</b>	<b>1,686,094</b>	<b>816,188</b>	<b>1,872,724</b>
Committed to:				
Bi/Tri Centennial	2,147	0	0	0
Assigned for:				
Document Recording	51,623	0	0	0
Projected Budget Shortage	2,041,035	0	0	0
Sheriff Operations	179,796	0	0	0
Unpaid Obligations	49,907	0	0	0
<b>Total Assigned</b>	<b>2,322,361</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unassigned	2,393,694	0	0	0
<b>Total Fund Balance</b>	<b>\$5,089,053</b>	<b>\$2,316,757</b>	<b>\$821,981</b>	<b>\$1,872,724</b>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

**Note 20 - Fund Balance** (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	\$12,836	\$3,754
Restricted for:		
Board of Elections	0	10
Child Support Enforcement	0	868,281
Court Operations	0	860,649
Crime Victims Assistance	0	7,021
Debt Retirement	0	206,393
Delinquent Tax Collections	0	121,467
Developmental Disabilities Operations	2,835,504	0
Dog and Kennel Operations	0	46,607
Economic Development	0	30,134
Emergency Management Agency	0	17,879
Job and Family Services Operations	0	235,686
Real Estate Assessments	0	1,256,684
Senior Citizens	0	22,128
Sheriff Operations	0	468,072
<b>Total Restricted</b>	<b>2,835,504</b>	<b>4,141,011</b>
Committed to:		
Road and Bridge Repair/ Improvement	0	5,815
Capital Projects	0	1,400,249
Student Scholarships	0	4,131
<b>Total Committed</b>	<b>0</b>	<b>1,410,195</b>
Unassigned	0	(604)
<b>Total Fund Balance</b>	<b>\$2,848,340</b>	<b>\$5,554,356</b>



**Note 21 - Jointly Governed Organizations**

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

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

**B. Ashland Community Improvement Corporation**

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

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

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

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2017, the County contributed \$48,750 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

**Note 22 - Insurance Pools**

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017

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**Note 22 - Insurance Pools** (continued)

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

B. County Commissioners Association of Ohio Service Corporation

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

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

C. County Employee Benefits Consortium of Ohio, Inc.

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

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

**Note 23 - Related Organization**

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2017, this allocation was \$59,667.

**Note 24 - Contingent Liabilities**

**A. Litigation**

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

**B. Federal and State Grants**

For the period January 1, 2017, to December 31, 2017, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

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

	2017	2016	2015	2014
County's Proportion of the Net Pension Liability	0.09868900%	0.10089046%	0.09998300%	0.09998300%
County's Proportionate Share of the Net Pension Liability	\$22,410,594	\$17,475,500	\$12,059,067	\$11,786,693
County's Covered Payroll	\$12,145,083	\$12,006,391	\$11,682,338	\$12,083,581
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	184.52%	145.55%	103.22%	97.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

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

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

	2017	2016	2015
County's Proportion of the Net Pension Liability	0.00503595%	0.00559366%	0.00632302%
County's Proportionate Share of the Net Pension Liability	\$1,196,301	\$1,872,367	\$1,747,497
County's Covered Payroll	\$553,643	\$588,557	\$659,700
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.08%	318.13%	264.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%

(1) Information prior to 2013 is not available.

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

<u>2014</u>	<u>2013</u>
0.00629111%	0.00629111%
\$1,530,216	\$1,822,783
\$692,223	\$665,277
221.06%	273.99%
74.70%	69.30%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$1,703,582	\$1,532,356	\$1,512,762
Contributions in Relation to the Contractually Required Contribution	<u>(1,703,582)</u>	<u>(1,532,356)</u>	<u>(1,512,762)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$12,491,486	\$12,145,083	\$12,006,391
Contributions as a Percentage of Covered Payroll	13.64%	12.62%	12.60%

(1) Information prior to 2013 is not available.



<u>2014</u>	<u>2013</u>
\$1,474,833	\$1,645,783
<u>(1,474,833)</u>	<u>(1,645,783)</u>
<u>\$0</u>	<u>\$0</u>
\$11,682,338	\$12,083,581
12.62%	13.62%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$73,596	\$81,584	\$92,009	\$88,232
Contributions in Relation to the Contractually Required Contribution	<u>(73,596)</u>	<u>(81,584)</u>	<u>(92,009)</u>	<u>(88,232)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$525,686	\$582,743	\$657,207	\$655,515
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.46%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$84,453	\$88,518	\$105,369	\$102,238	\$106,889	\$97,776
<u>(84,453)</u>	<u>(88,518)</u>	<u>(105,369)</u>	<u>(102,238)</u>	<u>(106,889)</u>	<u>(97,776)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$649,638	\$680,908	\$810,531	\$786,446	\$822,223	\$752,123
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Ashland County  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2017

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**Changes in Assumptions - OPERS**

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below.

	<u>December 31, 2017</u>	<u>December 31, 2016 and Prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvements scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Ashland County  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2017

**Changes in Assumptions - STRS**

Amounts reported for 2017 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below.

	2017	2016 and Prior
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses including inflation
Payroll Increases	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

For 2017, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter projected forward generationally using mortality improvement scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females projected forward generationally using mortality improvement scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table projected forward generationally using mortality improvement scale MP-2016.

For 2016 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males' ages are set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

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ASHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>(Passed through the Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program	14.228	B-F-15-1AC-1 B-F-16-1AC-1 N/A	\$ 25,526 88,250	133,986
Total Community Development Block Grants/State's Program				<u>247,762</u>
Home Investment Partnerships Program	14.239	N/A		<u>197,379</u>
Total U.S. Department of Housing and Urban Development				<u><b>445,141</b></u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>(Passed through Ohio Attorney General)</i>				
Crime Victim Assistance	16.575	2018-SVAA-109145833 2017-SVAA-43556338 2017-VOCA-43556333 2018-VOCA-109145826	941 3,139 28,750 8,449	41,279
Total Crime Victim Assistance				<u>41,279</u>
Total U.S. Department of Justice				<u><b>41,279</b></u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
<i>(Passed through the Ohio Emergency Management Agency)</i>				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01		<u>8,440</u>
Total U.S. Department of Homeland Security				<u><b>8,440</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>(Passed through the Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education_Grants to States	84.027	N/A		42,748
Special Education_Preschool Grants	84.173	N/A		<u>18,955</u>
Total Special Education Cluster				<u>61,703</u>
Total U.S. Department of Education				<u><b>61,703</b></u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>(Passed through the Ohio Department of Education)</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A		14,870
School Breakfast Program	10.553	N/A		<u>8,308</u>
Total Child Nutrition Cluster				<u>23,178</u>
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	G-1617-11-5481		<u>239,938</u>
Total U.S. Department of Agriculture				<u><b>263,116</b></u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-1617-11-5481		16,016
Temporary Assistance for Needy Families Cluster	93.558	G-1617-11-5481	\$ 382,281	998,110
Child Support Enforcement	93.563	G-1617-11-5481		285,480
Child Care and Development Block Grant Cluster:				
Child Care and Development Block Grant	93.575	G-1617-11-5481		21,765
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5481		61,314
Foster Care_Title IV-E	93.658	G-1617-11-5481		458,678

ASHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(CONTINUED)

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Adoption Assistance	93.659	G-1617-11-5481		108,262
Social Services Block Grant (Passed through the Ohio Department of Job and Family Services)	93.667	G-1617-11-5481		494,486
Social Services Block Grant (Passed through the Ohio Department of Mental Health)	93.667	N/A		7,084
Social Services Block Grant (Passed through the Ohio Department of Developmental Disabilities)	93.667	N/A		30,825
Total Social Services Block Grant				<u>532,395</u>
Chafee Foster Care Independence Program	93.674	N/A		8,710
Children's Health Insurance Program	93.767	N/A		3,177
Medicaid Cluster:				
Medical Assistance Program (Passed through the Ohio Department of Job and Family Services)	93.778	G-1617-11-5481		368,436
Medical Assistance Program (Passed through the Ohio Department of Developmental Disabilities)	93.778	N/A		128,952
Total Medicaid Cluster				<u>497,388</u>
<i>(Passed through the Ohio Department of Mental Health)</i> Block Grants for Community Mental Health Services	93.958	N/A		<u>52,308</u>
<i>(Passed through the Ohio Department of Alcohol and Drug Addition Services)</i> Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A		<u>183,358</u>
Total U.S. Department of Health and Human Services			<u>382,281</u>	<u>3,226,961</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>(Passed through the Ohio Department of Transportation)</i> Highway Planning and Construction Cluster	20.205	103077		<u>145,902</u>
Total U.S. Department of Transportation				<u>145,902</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
<i>(Passed through the Ohio Department of Job and Family Services)</i> <i>(Passed through Area 7 Workforce Investment Board)</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	2016-7203-1/2017-7203-1		14,974
Workforce Investment Act Cluster:				
Workforce Investment Act Adult Program	17.258	2016-7203-1/2017-7203-1		128,688
Workforce Investment Act Youth Activities	17.259	2016-7203-1/2017-7203-1	163,729	163,729
Workforce Investment Act Dislocated Worker Formula Grants	17.278	2016-7203-1/2017-7203-1		<u>116,641</u>
Total Workforce Investment Act Cluster				<u>409,058</u>
Total U.S. Department of Labor			<u>163,729</u>	<u>424,032</u>
TOTAL			<u>\$ 546,010</u>	<u>\$ 4,616,574</u>

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



**ASHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ashland County (the County) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

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

**NOTE C - SUBRECIPIENTS**

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

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E - MATCHING REQUIREMENTS**

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

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# Dave Yost • Auditor of State

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

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

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 15, 2018.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

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

August 15, 2018



# Dave Yost • Auditor of State

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

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

To the County Commissioners:

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

We have audited Ashland County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Ashland County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

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

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

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

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

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

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

In our opinion, Ashland County complied in all material respects with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### ***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Ashland County, Ohio, (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our unmodified report thereon dated August 15, 2018. We conducted our audit to opine on the County's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements.

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

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

August 15, 2018

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**ASHLAND COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2017**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families Cluster – CFDA # 93.558 Foster Care – CFDA # 93.658
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

ASHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER, 20 2018