ASHLAND COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

ASHLAND COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Ashland County
142 West 2nd Street
Ashland, Oh 44805

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County), as of and for the year ended December 31, 2018, 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 such 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, 2018, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, 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.

Keith Faber
Auditor of State

Columbus, Ohio

September 23, 2019

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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, 2018. 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 $2,373,651, or almost 8 percent. Governmental activities decreased 8 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 2018. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

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.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2018 and 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$33,031,208	$32,836,175	$656,621	$575,403	$33,687,829	$33,411,578
Net Pension Asset	44,105	0	467	0	44,572	0
Net OPEB Asset	72,790	0	0	0	72,790	0
Capital Assets, Net	32,996,073	33,934,021	308,764	326,526	33,304,837	34,260,547
Total Assets	66,144,176	66,770,196	965,852	901,929	67,110,028	67,672,125
Deferred Outflows of Resources						
Pension	3,880,361	8,925,158	39,199	86,649	3,919,136	9,011,807
OPEB	764,298	141,964	8,085	1,479	772,383	143,443
Total Deferred Outflows of Resources	4,644,659	9,067,122	47,284	88,128	4,691,519	9,155,250
Liabilities						
Current and Other Liabilities	2,273,978	1,409,542	42,329	44,962	2,316,307	1,454,504
Long-Term Liabilities						
Pension	16,068,273	23,382,789	160,343	224,106	16,228,616	23,606,895
OPEB	10,126,048	9,825,907	107,722	100,306	10,233,770	9,926,213
Other Amounts	1,286,748	1,444,289	1,189,912	1,261,927	2,476,660	2,706,216
Total Liabilities	29,755,047	36,062,527	1,500,306	1,631,301	31,255,353	37,693,828
Deferred Inflows of Resources						
Pension	4,148,357	622,726	38,771	3,204	4,186,704	625,930
OPEB	1,022,643	0	8,100	0	1,030,743	0
Other Amounts	6,866,623	7,671,842	0	0	6,866,623	7,671,842
Total Deferred Inflows of Resources	12,037,623	8,294,568	46,871	3,204	12,084,070	8,297,772
Net Position						
Net Investment in Capital Assets	32,666,397	33,733,259	308,764	326,526	32,975,161	34,059,785
Restricted	15,014,893	14,750,498	0	0	15,014,893	14,750,498
Unrestricted (Deficit)	(18,685,125)	(17,003,534)	(842,805)	(970,974)	(19,527,930)	(17,974,508)
Total Net Position (Deficit)	$28,996,165	$31,480,223	($534,041)	($644,448)	$28,462,124	$30,835,775

The net pension liability (asset) reported by the County at December 31, 2018, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For 2018, the County adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability (asset), and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability (asset) to equal the County's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statements No. 68 and No. 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in the net pension liability (asset) and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

As a result of implementing GASB Statement No. 75, the County is reporting a net OPEB liability and deferred outflows/inflows of resources related to OPEB on the accrual basis of accounting. This implementation (including other restated items) also had the effect of restating net position at December 31, 2017, from $39,930,151 to $31,480,223 for governmental activities and from ($545,621) to ($644,448) for business-type activities.

Pension/OPEB changes noted in the above table reflect an overall decrease in deferred outflows and overall increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension liability and increase in the net OPEB liability represent the County's proportionate share of the unfunded benefits.

For governmental activities, the change in total assets was not significant. There was a decrease in net capital assets and similar decrease in the investment in capital assets primarily due to annual depreciation. The increase in current and other liabilities is largely related to payables at year end for upgrades to the 911 dispatch center including hardware and software updates. The decrease in net position was primarily related to pension related changes.

For business-type activities, the increase in current and other assets was primarily due to an increase in cash and cash equivalents (largely due to net income from the landfill). The only other change of any significance is the decrease in other long-term liabilities due to a reduction in the anticipated postclosure costs at the landfill.

Table 2 reflects the change in net position for 2018 and 2017.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	$4,814,225	$4,412,511	$1,054,965	$1,068,133	$5,869,190	$5,480,644
Operating Grants, Contributions, and Interest	14,962,055	15,166,900	0	0	14,962,055	15,166,900
Capital Grants, Contributions, and Interest	0	160,385	0	0	0	160,385
Total Program Revenues	19,776,280	19,739,796	1,054,965	1,068,133	20,831,245	20,807,929
General Revenues						
Property Taxes Levied for						
General Operations	2,431,838	2,449,087	0	0	2,431,838	2,449,087
Health-Alcohol, Drug Addiction, and Mental Health Services	877,832	901,519	0	0	877,832	901,519
Health-Developmental Disabilities	3,572,702	3,651,656	0	0	3,572,702	3,651,656
Health-Other	530,686	539,728	0	0	530,686	539,728
Permissive Sales Taxes Levied for						
General Operations	6,548,659	6,549,473	0	0	6,548,659	6,549,473
County Jail Operations	1,227,613	1,491,417	0	0	1,227,613	1,491,417
Debt Service	0	179,100	0	0	0	179,100
Capital Projects	133,647	133,663	0	0	133,647	133,663
Other Local Taxes	6,499	6,003	0	0	6,499	6,003
Grants and Entitlements	1,736,300	2,014,619	0	0	1,736,300	2,014,619
Interest	453,277	193,385	0	0	453,277	193,385
Other	2,621,527	1,640,786	3,655	11,498	2,625,182	1,652,284
Total General Revenues	20,140,580	19,750,436	3,655	11,498	20,144,235	19,761,934
Total Revenues	39,916,860	39,490,232	1,058,620	1,079,631	40,975,480	40,569,863
Program Expenses						
General Government						
Legislative and Executive	6,712,034	6,435,625	0	0	6,712,034	6,435,625
Judicial	2,614,361	2,329,169	0	0	2,614,361	2,329,169
Public Safety						
Sheriff	8,535,988	8,468,696	0	0	8,535,988	8,468,696
Other	222,337	247,785	0	0	222,337	247,785
Public Works	6,148,407	6,182,356	0	0	6,148,407	6,182,356

(continued)

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Expenses (continued)						
Health						
Alcohol, Drug Addiction, and Mental Health Services	$3,297,656	$2,907,776	$0	$0	$3,297,656	$2,907,776
Developmental Disabilities	6,130,668	6,517,121	0	0	6,130,668	6,517,121
Other	1,020,770	974,541	0	0	1,020,770	974,541
Human Services						
Children Services	2,331,468	1,809,509	0	0	2,331,468	1,809,509
Job and Family Services	3,521,967	3,970,736	0	0	3,521,967	3,970,736
Other	1,540,678	1,499,255	0	0	1,540,678	1,499,255
Conservation and Recreation	105,576	78,928	0	0	105,576	78,928
Intergovernmental	216,508	198,460	0	0	216,508	198,460
Interest and Fiscal Charges	2,500	10,200	0	0	2,500	10,200
Landfill	0	0	328,935	266,551	328,935	266,551
Recycling	0	0	619,278	647,705	619,278	647,705
Total Expenses	42,400,918	41,630,157	948,213	914,256	43,349,131	42,544,413
Increase (Decrease) in Net Position	(2,484,058)	(2,139,925)	110,407	165,375	(2,373,651)	(1,974,550)
Net Position (Deficit) Beginning of Year	31,480,223	n/a	(644,448)	n/a	30,835,775	n/a
Net Position (Deficit) End of Year	$28,996,165	$31,480,223	($534,041)	($644,448)	$28,462,124	$30,835,775

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 program expenses still include OPEB expense of $143,443 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing pension expense equal to contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the 2018 financial statements report OPEB expense of $651,592. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed.

	Governmental Activities	Business-Type Activities	Total
Total 2018 Program Expenses Under GASB Statement No. 75	$42,400,918	$948,213	$43,349,131
OPEB Expense Under GASB Statement No. 75	(642,524)	(9,068)	(651,592)
2018 Contractually Required Contribution	14,864	158	15,022
Adjusted 2018 Program Expenses	41,773,258	939,303	42,712,561
Total 2017 Program Expenses Under GASB Statement No. 45	(41,630,157)	(914,256)	(42,544,413)
Decrease in Program Expenses Not Related to OPEB	$143,101	$25,047	$168,148

For governmental activities, the change in total revenues was not significant (1 percent increase). After adjusting total expenses for the effect of OPEB related expenses, the change in total expenses was less than 1 percent.

For business-type activities, there were a modest decrease in revenues (2 percent) and increase in expenses (3 percent) after adjusting total expenses for the effect of OPEB related expenses.

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	
	2018	2017	2018	2017
General Government:				
Legislative and Executive	$6,712,034	$6,435,625	$4,554,192	$4,507,677
Judicial	2,614,361	2,329,169	1,162,146	842,211
Public Safety				
Sheriff	8,535,988	8,468,696	7,470,019	7,528,761
Other	222,337	247,785	217,864	229,232
Public Works	6,148,407	6,182,356	1,631,775	1,471,401
Health				
Alcohol, Drug Addiction and Mental Health Services	3,297,656	2,907,776	1,162,172	825,052
Developmental Disabilities	6,130,668	6,517,121	3,504,722	3,577,112
Other	1,020,770	974,541	721,615	712,357
Human Services				
Children Services	2,331,468	1,809,509	1,071,127	642,850
Job and Family Services	3,521,967	3,970,736	636,125	922,100
Other	1,540,678	1,499,255	316,935	457,784
Conservation and Recreation	105,576	78,928	105,576	78,928
Intergovernmental	216,508	198,460	67,870	84,606
Interest and Fiscal Charges	2,500	10,200	2,500	10,200
Total Expenses	$42,400,918	$41,630,157	$22,624,638	$21,890,271

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 (53 percent in 2017 as well). 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, 32 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 56 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 charges and operating grants provided for 65 percent of the costs for alcohol, drug addiction, and mental health services programs, 43 percent of the costs for developmental disabilities programs, and 82 percent of the costs of the job and family services program.

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 4 percent decrease in fund balance from the prior year despite a 6 percent increase in revenue. This increase was primarily due to improved earnings on investments and the sale of noncapitalized assets. However, there was a 9 percent in increase in expenditures, primarily the legislative and executive and judicial programs, a portion which can be attributed to salary and benefit costs. In addition, there was a significant increase in the amount of resources transferred to other funds to subsidize their operations (approximately $627,000 increase).

Fund balance decreased almost 17 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 did not change significantly from the prior year for either the Job and Family Services Fund or the Alcohol, Drug Addiction, and Mental Health Services Fund.

Fund balance increased 13 percent in the Developmental Disabilities Fund. There was a 4 percent decrease in revenues, primarily due to less grant and entitlement funding. As a result, there was also a decrease in expenditures from the prior year (10 percent). Services provided are limited to resources available.

Business-Type Activities Financial Analysis

The landfill had an operating income in 2018 yet still has an overall deficit net position. 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, increases from the original budget to the final budget were made to increase revenue projections for sales taxes, charges for services, anticipated State funding, and interest revenue. Changes from the final budget to actual revenues were not significant. For expenditures, increases from the original budget to the final budget were made in the areas of general government (legislative and executive program), the judicial program, and for the sheriff. Actual expenditures were more closely aligned with the original budget expectations.

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, 2018 was $32,666,397 and $308,764, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road and bridge improvements, a full body scanning system for the jail, dispatch center software upgrade, and vehicle purchases. Disposals were minimal. There were no additions for business-type activities and disposals were land improvements. For further information regarding the County's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2018, the County had an outstanding loan, in the amount of $66,934. In addition, the County's long-term obligations also include the net pension/OPEB 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 is experiencing increased costs for jail operations and indigent court costs due to Ohio's drug problem.

The general obligation bonds for the jail were fully retired in 2018. Ashland County voters renewed the .25% sales tax for jail operations.

The County Commissioners created the Ashland County Land Reutilization Corporation to facilitate the reutilization of vacant and abandoned real property located within the County's boundaries.

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, 2018

	Governmental Activities	Business-Type Activities	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	$18,998,991	$603,537	$19,602,528
Cash and Cash Equivalents in Segregated Accounts	42	16,702	16,744
Accounts Receivable	11,953	50,157	62,110
Accrued Interest Receivable	62,833	0	62,833
Permissive Sales Taxes Receivable	1,757,102	0	1,757,102
Other Local Taxes Receivable	14,266	0	14,266
Due from Other Governments	4,028,178	149	4,028,327
Internal Balances	27,651	(27,651)	0
Prepaid Items	207,063	0	207,063
Materials and Supplies Inventory	770,291	0	770,291
Inventory Held for Resale	0	13,727	13,727
Property Taxes Receivable	7,152,838		7,152,838
Net Pension Asset	44,105	467	44,572
Net OPEB Asset	72,790	0	72,790
Nondepreciable Capital Assets	820,937	118,865	939,802
Depreciable Capital Assets, Net	32,175,136	189,899	32,365,035
Total Assets	66,144,176	965,852	67,110,028
Deferred Outflows of Resources			
Pension	3,880,361	39,199	3,919,136
OPEB	764,298	8,085	772,383
Total Deferred Outflows of Resources	4,644,659	47,284	4,691,519
Liabilities			
Accrued Wages Payable	369,188	12,035	381,223
Accounts Payable	593,185	27,224	620,409
Contracts Payable	614,284	0	614,284
Due to Other Governments	678,939	3,070	682,009
Retainage Payable	18,382	0	18,382
Long-Term Liabilities:			
Due Within One Year	329,139	86,171	415,310
Due in More Than One Year			
Net Pension Liability	16,068,273	160,343	16,228,616
Net OPEB Liability	10,126,048	107,722	10,233,770
Other Amounts Due in More Than One Year	957,609	1,103,741	2,061,350
Total Liabilities	29,755,047	1,500,306	31,255,353
Deferred Inflows of Resources			
Property Taxes	6,866,623	0	6,866,623
Pension	4,148,357	38,771	4,186,704
OPEB	1,022,643	8,100	1,030,743
Total Deferred Inflows of Resources	12,037,623	46,871	12,084,070
Net Position			
Net Investment in Capital Assets	32,666,397	308,764	32,975,161
Restricted for:			
Public Works	3,673,879	0	3,673,879
Alcohol, Drug Addiction, and Mental Health Services	1,911,291	0	1,911,291
Developmental Disabilities	3,532,862	0	3,532,862
Real Estate Assessment	1,367,058	0	1,367,058
County Jail	547,617	0	547,617
Other Purposes	3,982,186	0	3,982,186
Unrestricted (Deficit)	(18,685,125)	(842,805)	(19,527,930)
Total Net Position (Deficit)	$28,996,165	($534,041)	$28,462,124

* After deferred outflows and deferred inflows related to the change in internal proportionate share of pension related items have been eliminated.

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Activities
For the Year Ended December 31, 2018

		Program Revenues	
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
General Government			
Legislative and Executive	$6,712,034	$2,141,842	$16,000
Judicial	2,614,361	1,154,694	297,521
Public Safety			
Sheriff	8,535,988	835,457	230,512
Other	222,337	4,473	0
Public Works	6,148,407	233,126	4,283,506
Health			
Alcohol, Drug Addiction, and Mental Health Services	3,297,656	0	2,135,484
Developmental Disabilities	6,130,668	77,914	2,548,032
Other	1,020,770	172,588	126,567
Human Services			
Children Services	2,331,468	0	1,260,341
Job and Family Services	3,521,967	0	2,885,842
Other	1,540,678	194,131	1,029,612
Conservation and Recreation	105,576	0	0
Intergovernmental	216,508	0	148,638
Interest and Fiscal Charges	2,500	0	0
Total Governmental Activities	42,400,918	4,814,225	14,962,055
Business-Type Activities			
Landfill	328,935	511,928	0
Recycling	619,278	543,037	0
Total Business-Type Activities	948,213	1,054,965	0
Total	$43,349,131	$5,869,190	$14,962,055

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
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 - Restated (Note 3)

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
($4,554,192)	$0	($4,554,192)
(1,162,146)	0	(1,162,146)
(7,470,019)	0	(7,470,019)
(217,864)	0	(217,864)
(1,631,775)	0	(1,631,775)
(1,162,172)	0	(1,162,172)
(3,504,722)	0	(3,504,722)
(721,615)	0	(721,615)
(1,071,127)	0	(1,071,127)
(636,125)	0	(636,125)
(316,935)	0	(316,935)
(105,576)	0	(105,576)
(67,870)	0	(67,870)
(2,500)	0	(2,500)
(22,624,638)	0	(22,624,638)
0	182,993	182,993
0	(76,241)	(76,241)
0	106,752	106,752
(22,624,638)	106,752	(22,517,886)
2,431,838	0	2,431,838
877,832	0	877,832
3,572,702	0	3,572,702
530,686	0	530,686
6,548,659	0	6,548,659
1,227,613	0	1,227,613
133,647	0	133,647
6,499	0	6,499
1,736,300	0	1,736,300
453,277	0	453,277
2,621,527	3,655	2,625,182
20,140,580	3,655	20,144,235
(2,484,058)	110,407	(2,373,651)
31,480,223	(644,448)	30,835,775
$28,996,165	($534,041)	$28,462,124

Ashland County
Balance Sheet
Governmental Funds
December 31, 2018

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Assets				
Equity in Pooled Cash and Cash Equivalents	$4,264,053	$1,043,336	$594,956	$1,935,285
Cash and Cash Equivalents in Segregated Accounts	42	0	0	0
Accounts Receivable	1,867	0	1,106	0
Accrued Interest Receivable	59,721	1,652	0	0
Permissive Sales Taxes Receivable	1,721,960	0	0	0
Other Local Taxes Receivable	0	14,266	0	0
Due from Other Governments	692,408	2,124,898	275,826	74,469
Interfund Receivable	118,558	0	226,983	0
Prepaid Items	207,063	0	0	0
Materials and Supplies Inventory	33,528	717,318	5,657	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	153,136	0	0	0
Property Taxes Receivable	2,349,525	0	0	794,269
Total Assets	$9,601,861	$3,901,470	$1,104,528	$2,804,023
Liabilities				
Accrued Wages Payable	$146,368	$54,141	$78,033	$10,722
Accounts Payable	101,977	42,950	65,536	89,706
Contracts Payable	136,673	7,215	0	0
Due to Other Governments	152,353	16,730	57,251	14,394
Interfund Payable	0	26,059	20,840	3,498
Retainage Payable	0	0	0	0
Total Liabilities	537,371	147,095	221,660	118,320
Deferred Inflows of Resources				
Property Taxes	2,255,511	0	0	762,487
Unavailable Revenue	1,901,999	1,821,940	32,464	98,642
Total Deferred Inflows of Resources	4,157,510	1,821,940	32,464	861,129
Fund Balances				
Nonspendable	381,708	717,318	5,657	0
Restricted	35,805	1,215,117	844,747	1,824,574
Committed	65,666	0	0	0
Assigned	2,094,175	0	0	0
Unassigned (Deficit)	2,329,626	0	0	0
Total Fund Balances	4,906,980	1,932,435	850,404	1,824,574
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$9,601,861	$3,901,470	$1,104,528	$2,804,023

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities	Other Governmental	Total
$3,700,394	$7,307,831	$18,845,855
0	0	42
2,729	6,251	11,953
1,192	268	62,833
0	35,142	1,757,102
0	0	14,266
315,807	544,770	4,028,178
0	45,342	390,883
0	0	207,063
10,312	3,476	770,291
0	0	153,136
3,413,912	595,132	7,152,838
$7,444,346	$8,538,212	$33,394,440
$40,160	$39,764	$369,188
71,184	221,832	593,185
0	470,396	614,284
387,859	50,352	678,939
32,853	279,982	363,232
0	18,382	18,382
532,056	1,080,708	2,637,210
3,277,307	571,318	6,866,623
417,672	452,794	4,725,511
3,694,979	1,024,112	11,592,134
10,312	3,476	1,118,471
3,206,999	4,786,633	11,913,875
0	1,737,181	1,802,847
0	0	2,094,175
0	(93,898)	2,235,728
3,217,311	6,433,392	19,165,096
$7,444,346	$8,538,212	$33,394,440

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Ashland County
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances		$19,165,096
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		32,996,073
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	10,466	
Accrued Interest Receivable	37,909	
Permissive Sales Taxes Receivable	1,193,459	
Due from Other Governments	3,196,268	
Interfund Receivable	1,194	
Delinquent Property Taxes Receivable	286,215	
		4,725,511
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Loan Payable	(66,934)	
Compensated Absences Payable	(1,219,814)	
		(1,286,748)
The net pension liability (asset) and net OPEB liability (asset) are not due and payable in the current period; therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds.		
Net Pension Asset	44,105	
Deferred Outflows - Pension	3,880,361	
Deferred Inflows - Pension	(4,148,357)	
Net Pension Liability	(16,068,273)	
Net OPEB Asset	72,790	
Deferred Outflows - OPEB	768,539	
Deferred Inflows - OPEB	(1,026,884)	
Net OPEB Liability	(10,126,048)	
		(26,603,767)
Net Position of Governmental Activities		$28,996,165

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Revenues				
Property Taxes	$2,476,672	$0	$0	$896,267
Permissive Sales Taxes	6,466,540	0	0	0
Other Local Taxes	6,499	193,261	0	0
Charges for Services	2,259,571	0	0	0
Licenses and Permits	2,790	0	0	0
Fines and Forfeitures	84,184	39,865	0	0
Intergovernmental	1,731,913	4,262,598	2,675,152	2,138,835
Interest	408,039	23,609	0	0
Other	1,028,238	133,435	253,721	171,125
Total Revenues	14,464,446	4,652,768	2,928,873	3,206,227
Expenditures				
Current:				
General Government				
Legislative and Executive	5,465,880	0	0	0
Judicial	1,838,144	0	0	0
Public Safety				
Sheriff	5,296,482	0	0	0
Other	201,929	0	0	0
Public Works	77,600	5,046,408	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	3,254,377
Developmental Disabilities	0	0	0	0
Other	183,996	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,974,042	0
Other	277,923	0	0	0
Conservation and Recreation	86,315	0	0	0
Capital Outlay	0	0	0	0
Intergovernmental	69,000	0	0	0
Debt Service:				
Principal Retirement	0	0	10,000	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	13,497,269	5,046,408	2,984,042	3,254,377
Excess of Revenues Over (Under) Expenditures	967,177	(393,640)	(55,169)	(48,150)
Other Financing Sources (Uses)				
Transfers In	0	9,318	83,592	0
Transfers Out	(1,149,250)	0	0	0
Total Other Financing Sources (Uses)	(1,149,250)	9,318	83,592	0
Changes in Fund Balances	(182,073)	(384,322)	28,423	(48,150)
Fund Balances Beginning of Year	5,089,053	2,316,757	821,981	1,872,724
Fund Balances End of Year	$4,906,980	$1,932,435	$850,404	$1,824,574

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities	Other Governmental	Total
$3,639,952	$536,958	$7,549,849
0	1,637,960	8,104,500
0	0	199,760
71,388	1,354,301	3,685,260
0	363,367	366,157
0	215,377	339,426
2,511,993	3,679,742	17,000,233
36,382	3,300	471,330
171,236	969,159	2,726,914
6,430,951	8,760,164	40,443,429
0	718,141	6,184,021
0	623,793	2,461,937
0	2,096,889	7,393,371
0	0	201,929
0	3,000	5,127,008
0	0	3,254,377
6,061,980	0	6,061,980
0	824,056	1,008,052
0	2,304,965	2,304,965
0	262,615	3,236,657
0	1,180,982	1,458,905
0	0	86,315
0	572,519	572,519
0	147,508	216,508
0	200,000	210,000
0	3,000	3,000
6,061,980	8,937,468	39,781,544
368,971	(177,304)	661,885
0	1,060,501	1,153,411
0	(4,161)	(1,153,411)
0	1,056,340	0
368,971	879,036	661,885
2,848,340	5,554,356	18,503,211
$3,217,311	$6,433,392	$19,165,096

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, 2018

Changes in Fund Balances - Total Governmental Funds		$661,885
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 - Depreciable Capital Assets	1,698,468	
Depreciation	(2,601,922)	
		(903,454)
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.		(34,494)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Charges for Services	9,922	
Delinquent Property Taxes	(136,791)	
Permissive Sales Taxes	(194,581)	
Intergovernmental	(187,847)	
Interest	7,121	
Other	(24,393)	
		(526,569)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		210,000
Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net position.		500
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.		(52,459)
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension expense on the statement of activities.		
Pension	(3,061,687)	
OPEB	(803,412)	
		(3,865,099)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,849,880	
OPEB	175,752	
		2,025,632
Change in Net Position of Governmental Activities		($2,484,058)

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$2,804,816	$2,518,816	$2,517,881	($935)
Permissive Sales Taxes	5,800,000	6,500,000	6,439,795	(60,205)
Other Local Taxes	3,750	3,750	6,499	2,749
Charges for Services	1,538,777	2,365,777	2,386,429	20,652
Licenses and Permits	2,550	2,550	2,790	240
Fines and Forfeitures	87,000	87,000	81,755	(5,245)
Intergovernmental	1,571,538	1,712,219	1,695,972	(16,247)
Interest	100,014	394,014	372,517	(21,497)
Other	364,966	873,466	970,872	97,406
Total Revenues	12,273,411	14,457,592	14,474,510	16,918
Expenditures				
Current:				
General Government				
Legislative and Executive	5,229,198	5,663,813	5,365,485	298,328
Judicial	1,705,476	1,965,693	1,824,466	141,227
Public Safety				
Sheriff	5,157,899	5,553,514	5,269,972	283,542
Other	234,780	241,401	218,490	22,911
Public Works	85,828	85,828	78,204	7,624
Health				
Other	185,344	185,927	183,996	1,931
Human Services				
Other	463,225	463,225	275,432	187,793
Conservation and Recreation	30,000	86,315	86,315	0
Intergovernmental	69,000	69,000	69,000	0
Total Expenditures	13,160,750	14,314,716	13,371,360	943,356
Excess of Revenues Over (Under) Expenditures	(887,339)	142,876	1,103,150	960,274
Other Financing Sources (Uses)				
Other Financing Sources	10,000	31,000	36,576	5,576
Advances In	0	13,000	15,000	2,000
Advances Out	0	(30,000)	(30,000)	0
Transfers Out	(1,566,592)	(1,301,167)	(1,149,250)	151,917
Total Other Financing Sources (Uses)	(1,556,592)	(1,287,167)	(1,127,674)	159,493
Changes in Fund Balance	(2,443,931)	(1,144,291)	(24,524)	1,119,767
Fund Balance Beginning of Year	3,889,715	3,889,715	3,889,715	0
Prior Year Encumbrances Appropriated	85,504	85,504	85,504	0
Fund Balance End of Year	$1,531,288	$2,830,928	$3,950,695	$1,119,767

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Other Local Taxes	$393,000	$192,600	$193,350	$750
Fines and Forfeitures	70,500	38,000	38,376	376
Intergovernmental	4,580,000	4,380,000	4,244,169	(135,831)
Interest	10,000	10,000	23,609	13,609
Other	45,000	45,000	135,695	90,695
Total Revenues	5,098,500	4,665,600	4,635,199	(30,401)
Expenditures				
Current:				
Public Works				
Engineer	6,320,148	6,070,148	5,173,020	897,128
Road and Bridge	73,500	73,500	63,621	9,879
Total Expenditures	6,393,648	6,143,648	5,236,641	907,007
Excess of Revenues Under Expenditures	(1,295,148)	(1,478,048)	(601,442)	876,606
Other Financing Sources				
Transfers In	0	0	9,318	9,318
Changes in Fund Balance	(1,295,148)	(1,478,048)	(592,124)	885,924
Fund Balance Beginning of Year	1,253,618	1,253,618	1,253,618	0
Prior Year Encumbrances Appropriated	295,148	295,148	295,148	0
Fund Balance End of Year	$253,618	$70,718	$956,642	$885,924

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Intergovernmental	$2,700,000	$2,450,000	$2,605,081	$155,081
Other	55,000	255,000	252,579	(2,421)
Total Revenues	2,755,000	2,705,000	2,857,660	152,660
Expenditures				
Current:				
Human Services				
Job and Family Services	3,114,828	3,184,828	2,933,312	251,516
Debt Service:				
Principal Retirement	10,000	10,000	10,000	0
Total Expenditures	3,124,828	3,194,828	2,943,312	251,516
Excess of Revenues Under Expenditures	(369,828)	(489,828)	(85,652)	404,176
Other Financing Sources				
Transfers In	369,818	119,818	83,592	(36,226)
Changes in Fund Balance	(10)	(370,010)	(2,060)	367,950
Fund Balance Beginning of Year	596,906	596,906	596,906	0
Prior Year Encumbrances Appropriated	10	10	10	0
Fund Balance End of Year	$596,906	$226,906	$594,856	$367,950

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$1,018,693	$911,693	$910,949	($744)
Intergovernmental	1,853,449	2,163,449	2,149,902	(13,547)
Other	98,130	158,130	171,125	12,995
Total Revenues	2,970,272	3,233,272	3,231,976	(1,296)
Expenditures				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	3,164,528	3,434,581	3,397,124	37,457
Changes in Fund Balance	(194,256)	(201,309)	(165,148)	36,161
Fund Balance Beginning of Year	1,744,098	1,744,098	1,744,098	0
Prior Year Encumbrances Appropriated	141,707	141,707	141,707	0
Fund Balance End of Year	$1,691,549	$1,684,496	$1,720,657	$36,161

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$3,649,621	$3,649,621	$3,698,110	$48,489
Charges for Services	7,000	69,311	64,911	(4,400)
Intergovernmental	2,773,442	2,338,442	2,539,508	201,066
Interest	10,000	36,000	36,382	382
Other	84,000	141,689	169,448	27,759
Total Revenues	6,524,063	6,235,063	6,508,359	273,296
Expenditures				
Current:				
Health				
Developmental Disabilities	6,140,051	6,209,257	5,838,720	370,537
Changes in Fund Balance	384,012	25,806	669,639	643,833
Fund Balance Beginning of Year	2,938,817	2,938,817	2,938,817	0
Prior Year Encumbrances Appropriated	175	175	175	0
Fund Balance End of Year	$3,323,004	$2,964,798	$3,608,631	$643,833

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Fund Net Position
Enterprise Funds
December 31, 2018

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Assets			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	$217,083	$16,115	$233,198
Cash and Cash Equivalents in Segregated Accounts	0	16,702	16,702
Accounts Receivable	33,230	16,927	50,157
Due from Other Governments	149	0	149
Inventory Held for Resale	0	13,727	13,727
Total Current Assets	250,462	63,471	313,933
Non-Current Assets			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	370,339	0	370,339
Net Pension Asset	0	467	467
Nondepreciable Capital Assets	61,465	57,400	118,865
Depreciable Capital Assets, Net	0	189,899	189,899
Total Non-Current Assets	431,804	247,766	679,570
Total Assets	682,266	311,237	993,503
Deferred Outflows of Resources			
Pension	0	39,199	39,199
OPEB	0	8,085	8,085
Total Deferred Outflows of Resources	0	47,284	47,284
Liabilities			
Current Liabilities			
Accrued Wages Payable	2,057	9,978	12,035
Accounts Payable	11,453	15,771	27,224
Due to Other Governments	514	2,556	3,070
Interfund Payable	330	27,321	27,651
Compensated Absences Payable	1,798	5,979	7,777
Postclosure Costs Payable	78,394		78,394
Total Current Liabilities	94,546	61,605	156,151
Non-Current Liabilities			
Net Pension Liability	0	160,343	160,343
Net OPEB Liability	0	107,722	107,722
Compensated Absences Payable	4,530	4,625	9,155
Postclosure Costs Payable	1,094,586	0	1,094,586
Total Non-Current Liabilities	1,099,116	272,690	1,371,806
Total Liabilities	1,193,662	334,295	1,527,957
Deferred Inflows of Resources			
Pension	0	38,771	38,771
OPEB	0	8,100	8,100
Total Deferred Inflows of Resources	0	46,871	46,871
Net Position			
Net Invesment in Capital Assets	61,465	247,299	308,764
Unrestricted (Deficit)	(572,861)	(269,944)	(842,805)
Total Net Position (Deficit)	($511,396)	($22,645)	($534,041)

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, 2018

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Operating Revenues			
Charges for Services	$511,928	$200,000	$711,928
Sale of Recyclables	0	343,037	343,037
Other	295	3,360	3,655
Total Operating Revenues	512,223	546,397	1,058,620
Operating Expenses			
Personal Services	57,976	262,401	320,377
Materials and Supplies	1,076	14,890	15,966
Contractual Services	40,102	51,633	91,735
Other	229,781	272,592	502,373
Depreciation	0	17,762	17,762
Total Operating Expenses	328,935	619,278	948,213
Operating Income (Loss)	183,288	(72,881)	110,407
Net Position (Deficit) Beginning of Year - Restated (Note 3)	(694,684)	50,236	(644,448)
Net Position (Deficit) End of Year	($511,396)	($22,645)	($534,041)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2018

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	$521,023	$542,646	$1,063,669
Cash Received from Other Revenues	295	3,360	3,655
Cash Payments for Personal Services	(56,652)	(235,667)	(292,319)
Cash Payments to Suppliers	(1,076)	(31,159)	(32,235)
Cash Payments for Contractual Services	(116,522)	(50,000)	(166,522)
Cash Payments for Other Expenses	(231,069)	(274,332)	(505,401)
Net Increase (Decrease) in Cash and Cash Equivalents	115,999	(45,152)	70,847
Cash and Cash Equivalents Beginning of Year	471,423	77,969	549,392
Cash and Cash Equivalents End of Year	$587,422	$32,817	$620,239
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	$183,288	($72,881)	$110,407
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	0	17,762	17,762
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	9,180	(391)	8,789
Inecrease in Due from Other Governments	(85)	0	(85)
Increase in Inventory Held for Resale	0	(7,052)	(7,052)
Increase (Decrease) in Accrued Wages Payable	197	(1,843)	(1,646)
Increase (Decrease) in Accounts Payable	(2,429)	3,173	744
Decrease in Due to Other Governments	(138)	(1,593)	(1,731)
Decrease in Interfund Payable	(68)	(11,955)	(12,023)
Increase in Compensated Absences Payable	1,333	1,931	3,264
Decrease in Postclosure Costs Payable	(75,279)	0	(75,279)
Increase in Net Pension Asset	0	(304)	(304)
Increase in Net Pension Liability	0	10,555	10,555
Decrease in Deferred Outflows - Pension	0	27,331	27,331
Decrease in Deferred Inflows - Pension	0	(18,795)	(18,795)
Increase in Net OPEB Liability	0	5,841	5,841
Decrease in Deferred Outflows - OPEB	0	5,111	5,111
Decrease in Deferred Inflows - OPEB	0	(2,042)	(2,042)
Total Adjustments	(67,289)	27,729	(39,560)
Net Cash Provided by (Used for) Operating Activities	$115,999	($45,152)	$70,847

See Accompanying to the Basic Financial Statements

Ashland County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$17,710	$2,847,761
Cash and Cash Equivalents in Segregated Accounts	0	1,241,050
Accrued Interest Receivable	38	0
Other Local Taxes Receivable	0	11,507
Due from Other Governments	0	2,134,563
Property Taxes Receivable	0	57,913,485
Special Assessments Receivable	0	558,098
Total Assets	17,748	$64,706,464
Liabilities		
Due to Other Governments	0	$61,588,932
Undistributed Assets	0	3,117,532
Total Liabilities	0	$64,706,464
Net Position		
Held in Trust for Children's Services	17,748	
Total Net Position	$17,748	

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, 2018

Additions	
Interest	$360
Other	103
Total Additions	463
Deductions	
Human Services	
Children Services	2,568
Change in Net Position	(2,105)
Net Position Beginning of Year	19,853
Net Position End of Year	$17,748

See Accompanying Notes to the Basic Financial Statements

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.

Discretely Presented Component Unit

Ashland County Land Reutilization Corporation - The Ashland County Land Reutilization Corporation (Land Bank) was formed on September 21, 2017, when the Ashland County Commissioners authorized the incorporation of the Land Bank under Chapters 1724 and 1702 of the Ohio Revised Code through a resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Land Bank is to strengthen neighborhoods in the County by returning vacant and abandoned properties to productive use. The Land Bank has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax-foreclosed, or other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Note 1 - Reporting Entity (continued)

The Land Bank is governed by a seven member Board of Directors consisting of two County Commissioners, the County Treasurer, one representative from the City of Ashland, one representative from the Village of Loudonville, and two representatives selected by the statutory directors. The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, the County is able to impose its will on the operation of the Land Bank and the relationship between the primary government and the organization is such that exclusion would cause the County's financial statements to be misleading. However, the Land Bank has had no material financial activity since its inception and, as a result, no financial information is currently being presented.

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 Park District

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 of resources and all liabilities and deferred inflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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 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.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; 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.

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 positon for pension/OPEB and explained in Notes 14 and 15 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

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, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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, interfund, 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/OPEB are reported on the government-wide and enterprise funds statement of net position and explained in Notes 14 and 15 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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 2018, 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 fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding $25 million. Star Ohio reserves the right to limit the transaction to $100 million requiring the excess amount to be transacted the following business day(s) but only to the $100 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 2018 was $408,039, which includes $334,956 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.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

All capital assets are depreciated, except for land. 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.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, 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. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 2019 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement 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 - Adjustment of Reported Amount, Change in Accounting Principles, and Restatement of Net Position

In 2018, the County made an adjustment to accumulated depreciation for assets which were not calculating depreciation correctly.

For 2018, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", Statement No. 85, "Omnibus 2017", Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period", and related guidance from GASB Implementation Guide No. 2017-3, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For 2018, the County also implemented GASB Implementation Guide No. 2017-1. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The implementation of this statement and the adjustment to accumulated depreciation had the following effect on net position as previously reported.

	Governmental Activities
Net Position December 31, 2017	$39,930,151
Accumulated Depreciation	1,234,015
Net OPEB Liability	(9,825,907)
Deferred Outflows - Payments Subsequent to the Measurement Date	141,964
Restated Net Position December 31, 2017	$31,480,223

	Landfill	Other Enterprise	Enterprise Funds/ Business-Type Activities
Net Position December 31, 2017	($694,684)	149,063	($545,621)
Net OPEB Liability	0	(100,306)	(100,306)
Deferred Outflows - Payments Subsequent to the Measurement Date	0	1,479	1,479
Restated Net Position December 31, 2017	($694,684)	$50,236	($644,448)

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

Note 3 - Adjustment of Reported Amount, Change in Accounting Principles, and Restatement of Net Position (continued)

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 89 establishes accounting requirements for interest costs incurred before the end of a construction period. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability and Compliance

A. Accountability

At December 31, 2018, the following funds had a deficit fund balance:

Fund	Deficit
Special Revenue Funds	
Children Services	$65,824
CHIP Grant	28,074
Enterprise Funds	
Landfill	511,396
Other Enterprise	22,645

The deficit fund balance in the special revenue funds 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. In the Landfill enterprise fund, the deficit is due to reporting a liability for postclosure costs. This deficit will be eliminated as postclosure occurs over the next nine years. For other enterprise funds, the deficit fund balance resulted from recording the net pension/OPEB liability. This amount will be paid by the pension system in future years as individuals retire.

B. Compliance

The following fund had expenditures in excess of appropriations for the year ended December 31, 2018.

	Appropriations	Expenditures	Excess
Other Enterprise	$261,799	$268,551	($6,752)

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).

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	($182,073)	($384,322)	$28,423	($48,150)	$368,971
Increase (Decrease) Due To					
Revenue Accruals					
Accrued 2017, Received in Cash 2018	950,970	302,796	173,291	13,647	28,210
Accrued 2018, Not Yet Received in Cash	(771,529)	(318,876)	(244,468)	(7,609)	(38,661)
Expenditure Accruals					
Accrued 2017, Paid in Cash 2018	(355,348)	(167,587)	45,917	(68,772)	(311,320)
Accrued 2018, Not Yet Paid in Cash	537,371	147,095	(5,323)	118,320	532,056
Cash Adjustments					
Unrecorded Activity 2017	227,332	2,119	64	42,044	179,622
Unrecorded Activity 2018	(359,747)	(3,608)	(100)	(22,333)	(91,763)
Prepaid Items	46,063	0	0	0	0
Materials and Supplies Inventory	4,226	(86,655)	136	0	2,524
Advances-In	15,000	0	0	0	0
Advances-Out	(30,000)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(106,789)	(83,086)	0	(192,295)	0
Budget Basis	($24,524)	($592,124)	($2,060)	($165,148)	$669,639

Note 6 - Deposits and Investments

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

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

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

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 provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

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, within certain limitations;

<u>Note 6 - Deposits and Investments</u> (continued)

9. Up to forty percent of the County's average portfolio in either of the following if training requirements have been met:
    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, which mature within two hundred seventy days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate of 5 percent of interim monies available for investment at the time of purchase;
    b. bankers acceptances that are insured by the federal deposit insurance corporation and which mature not later than 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 three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after 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,

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 subject to certain limitations. 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. Except as noted above, all investments must mature within five years from the date of settlement, 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.

<u>Deposits</u>

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 December 31, 2018, $72,344 of the County's total bank balance of $11,062,815 was exposed to custodial credit risk as those deposits were uninsured and uncollateralized. One of the County's financial institutions participating in the Ohio Pooled Collateral System (OPCS) was approved for a reduced collateral floor of 50 percent that resulted in the uninsured and uncollateralized balance.

Note 6 - Deposits and Investments (continued)

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System, 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.

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.

Investments

As of December 31, 2018, the County had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level Two Inputs					
Federal Farm Credit Bank Notes	$3,472,155	$0	$1,485,745	$1,486,390	$500,050
Federal Home Loan Bank Notes	1,490,570	0	0	493,305	997,265
Federal Home Loan Mortgage Corporation Notes	1,984,955	497,305	494,735	492,745	500,170
Federal National Mortgage Association Notes	996,250	996,250	0	0	0
Total Fair Value - Level Two Inputs	7,943,930	1,493,555	1,980,480	2,472,440	1,997,455
Net Value Per Share					
STAR Ohio	4,859,190	4,859,190	0	0	0
Total Investments	$12,803,120	$6,352,745	$1,980,480	$2,472,440	$1,997,455

Note 6 - Deposits and Investments (continued)

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, 2018. 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. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

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

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

	Fair Value	Percentage of Portfolio
Federal Farm Credit Bank	$3,472,155	27.12%
Federal Home Loan Bank	1,490,570	11.64
Federal Home Loan Mortgage Corporation	1,984,955	15.50
Federal National Mortgage Association	996,250	7.78

Note 7 - Receivables

Receivables at December 31, 2018, 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; 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.

<u>Note 7 - Receivables</u> (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	$301,298
Ashland Airport Authority	21,751
City of Ashland	1,515
Casino Tax	157,786
Public Defender Grant	38,155
Secretary of State	2,462
Homestead and Rollback	169,441
Total General Fund	692,408
Motor Vehicle and Gasoline Tax	
Gasoline Tax	933,470
Motor Vehicle License Fees	1,190,884
Sullivan Township	544
Total Motor Vehicle and Gasoline Tax	2,124,898
Job and Family Services	
Public Assistance Grant	275,826
Alcohol, Drug Addiction, and Mental Health Services	
Whole Child Matters	5,312
MHRB HUD	2,297
Cures Grant	6,517
Homestead and Rollback	60,343
Total Alcohol, Drug Addiction, and Mental Health Services	74,469
Developmental Disabilities	
Title XX	11,292
Family Resources/Respite	26,771
Wayne County Board of Developmental Disabilities	42,458
Homestead and Rollback	235,286
Total Developmental Disabilities	315,807
Total Major Funds	3,483,408
Nonmajor Funds	
Law Library	
Fines	4,966
Victims of Crime	
Victims of Crime Grant	1,018
Children Services	
PCSA	22,327
Foster Care Reimbursement	62,842
Total Children Services	85,169
Child Support Enforcement Agency	
Child Support Enforcement Agency	109,030
Workforce Investment Act	
Workforce Investment Act	9,190
Senior Citizens Services	
Homestead and Rollback	36,131
Felony Delinquent Care	
RECLAIM Grant	81,533

(continued)

Note 7 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Community Corrections	
Community Corrections Grant	$49,747
County Jail	
City of Ashland	10,200
Capital Projects	
Casino Tax	157,786
Total Nonmajor Funds	544,770
Total Governmental Activities	$4,028,178
Business-Type Activities	
Landfill	
Solid Waste Fees	$149
Agency Funds	
Local Government	$382,636
Library Local Government	818,212
Gasoline Tax	663,164
Motor Vehicle License Fees	241,754
Permissive Motor Vehicle License Tax	9,431
Homestead and Rollback	19,366
Total Agency Funds	$2,134,563

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 2018 represent the collection of 2017 taxes. Real property taxes received in 2018 were levied after October 1, 2017, on the assessed values as of January 1, 2017, 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.

Note 9 - Property Taxes (continued)

Public utility property tax revenues received in 2018 represent the collection of 2017 taxes. Public utility real and tangible personal property taxes received in 2018 became a lien on December 31, 2016, were levied after October 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2018, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2018 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, 2018, was $9.40 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

Real Property	
Residential	$682,244,500
Agriculture	158,068,450
Commercial/Industrial/Mineral	156,427,290
Public Utility Property	
Real	576,200
Personal	87,612,880
Total Assessed Value	$1,084,929,320

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Restated Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Governmental Activities				
Nondepreciable Capital Assets				
Land	$820,937	$0	$0	$820,937

(continued)

Note 10 - Capital Assets (continued)

	Restated Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Governmental Activities (continued)				
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	50,954,509	660,772	(177,186)	51,438,095
Bridges	16,151,930	364,906	(144,503)	16,372,333
Equipment	3,144,690	525,137	0	3,669,827
Vehicles	3,408,422	147,653	(19,360)	3,536,715
Total Depreciable Capital Assets	96,814,674	1,698,468	(341,049)	98,172,093
Less Accumulated Depreciation for				
Land Improvements	(131,436)	(11,100)	0	(142,536)
Buildings	(9,912,655)	(448,286)	0	(10,360,941)
Building Improvements	(1,113,415)	(34,651)	0	(1,148,066)
Roads	(38,409,662)	(1,511,568)	177,186	(39,744,044)
Bridges	(9,163,750)	(327,441)	110,009	(9,381,182)
Equipment	(2,320,629)	(143,100)	0	(2,463,729)
Vehicles	(2,650,043)	(125,776)	19,360	(2,756,459)
Total Accumulated Depreciation	(63,701,590)	(2,601,922)	306,555	(65,996,957)
Total Depreciable Capital Assets, Net	33,113,084	(903,454)	(34,494)	32,175,136
Governmental Activities Capital Assets, Net	$33,934,021	($903,454)	($34,494)	$32,996,073

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Business-Type Activities				
Nondepreciable Capital Assets				
Land	$118,865	$0	$0	$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	(49,072)	0
Buildings	250,510	0	0	250,510
Equipment	388,883	0	0	388,883
Vehicles	204,066	0	0	204,066
Total Depreciable Capital Assets	892,531	0	(49,072)	843,459

(continued)

<u>Note 10 - Capital Assets</u> (continued)

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Land Improvements	($49,072)	$0	$49,072	$0
Buildings	(112,729)	(4,175)	0	(116,904)
Equipment	(383,410)	(1,825)	0	(385,235)
Vehicles	(139,659)	(11,762)	0	(151,421)
Total Accumulated Depreciation	(684,870)	(17,762)	49,072	(653,560)
Total Depreciable Capital Assets, Net	207,661	(17,762)	0	189,899
Business-Type Activities Capital Assets, Net	$326,526	($17,762)	$0	$308,764

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	$75,704
Judicial	11,978
Public Safety	
Sheriff	367,216
Public Works	1,995,934
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	86,054
Other	1,219
Human Services	
Job and Family Services	35,030
Other	463
Conservation and Recreation	19,261
Total Depreciation Expense - Governmental Activities	$2,601,922

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Fund	
Recycling	$17,762

Note 11 - Interfund Receivables/Payables

Interfund balances at December 31, 2018, consisted of the following receivables and payables:

Due to General Fund from:	
Motor Vehicle and Gasoline Tax	$26,059
Job and Family Services	20,840
Alcohol, Drug Addiction, and Mental Health Services	3,498
Developmental Disabilities	32,853
Other Governmental Funds	32,396
Landfill	330
Other Enterprise	2,582
Total General Fund	$118,558
Due to Job and Family Services Fund from:	
Other Governmental Funds	$226,983
Due to Other Governmental Funds from:	
Other Governmental Funds	$20,603
Other Enterprise	24,739
Total Other Governmental Funds	$45,342

The amount due to the General Fund, in the amount of $15,000, from other governmental funds, was to provide cash flow resources. The remaining 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; the Landfill Fund; and the other enterprise fund. These amounts are expected to be received within one year.

The amount due to the Job and Family Services Fund was for services provided. This amount is expected to be received within one year.

The amount due to other governmental funds from other governmental funds was for services provided. 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 2018, 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	106,857,050
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 2017 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2018, 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.

Note 12 - Risk Management (continued)

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 2019 are as follows:

General Fund	$106,789
Motor Vehicle and Gasoline Tax Fund	83,086
Alcohol, Drug Addiction, and Mental Health Services Fund	192,295
Other Governmental Funds	759,945
	$1,142,115

Note 14 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates 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 and OPEB.

Note 14 - Defined Benefit Pension Plans (continued)

GASB Statements No. 68 and No. 75 assume 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 pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the pension amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

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 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 combination cost-sharing multiple-employer defined benefit/defined contribution pension plan.

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

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

Note 14 - Defined Benefit Pension Plans (continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information including requirements for reduced and unreduced benefits).

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	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	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
Combined Plan Formula:	**Combined Plan Formula:**	**Combined Plan Formula:**
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	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	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.

Note 14 - Defined Benefit Pension Plans (continued)

When a traditional plan 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. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. 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.

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS account. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options.

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

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***

Note 14 - Defined Benefit Pension Plans (continued)

	State and Local	Public Safety	Law Enforcement
2018 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** 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.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2018, the County's contractually required contribution was $1,813,057 for the traditional plan, $22,714 for the combined plan, and $39,531 for the member-directed plan. Of these amounts, $208,088 is reported as an intergovernmental payable for the traditional plan, $2,512 for the combined plan, and $4,163 for the member-directed plan.

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.

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.

<u>Note 14 - Defined Benefit Pension Plans</u> (continued)

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the retirement board made the decision to reduce the cost of living adjustment (COLA) granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients base benefit and past COLA increases are not affected by this change. 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 9.53 percent of the 14 percent employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 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. The 2018 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2018, the full employer contribution rate was allocated to pension.

The County’s contractually required contribution to STRS was $70,113 for 2018; 100 percent has been contributed for 2018.

Note 14 - Defined Benefit Pension Plans (continued)

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the net pension liability for STRS was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.09709665%	0.03274080%	0.00452994%	
Prior Measurement Date	0.09868900%	0.03929955%	0.00503595%	
Change in Proportionate Share	0.00159235%	0.00655875%	0.00050601%	
Proportionate Share				
Net Pension Liability	$15,232,584	$0	$996,032	$16,228,616
Net Pension Asset	$0	$44,572	$0	$44,572
Pension Expense	$3,165,684	($31,339)	$2,133	$3,136,478

Pension expense for the member-directed defined contribution plan was $39,531 for 2018.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	$15,556	$0	$22,992	$38,548
Changes of Assumptions	1,820,395	3,895	176,515	2,000,805
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	5,574	3,182	1,823	10,579
County Contributions Subsequent to the Measurement Date	1,813,057	22,714	33,433	1,869,204
Total Deferred Outflows of Resources	$3,654,582	$29,791	$234,763	$3,919,136

Note 14 - Defined Benefit Pension Plans (continued)

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	$300,186	$13,278	$6,505	$319,969
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,270,234	7,032	60,398	3,337,664
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	270,235	0	258,836	529,071
Total Deferred Inflows of Resources	$3,840,655	$20,310	$325,739	$4,186,704

$1,869,204 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 or increase in the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Year Ending December 31,				
2019	$1,191,887	($1,854)	($8,124)	$1,181,909
2020	(407,192)	(2,047)	(37,938)	(447,177)
2021	(1,440,037)	(3,621)	(46,199)	(1,489,857)
2022	(1,343,788)	(3,453)	(32,148)	(1,379,389)
2023	0	(985)	0	(985)
Thereafter	0	(1,273)	0	(1,273)
Total	($1,999,130)	($13,233)	($124,409)	($2,136,772)

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.

<u>Note 14 - Defined Benefit Pension Plans</u> (continued)

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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 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 2.15 percent simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	individual entry age	individual entry age

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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.

During 2017, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. 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 16.82 percent for 2017.

Note 14 - Defined Benefit Pension Plans (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the board approved asset allocation policy for 2017 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 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	

Discount Rate **-** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate **-** The following table presents the County's proportionate share of the net pension liability (asset) 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 (asset) 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 (Asset)			
OPERS Traditional Plan	$27,049,185	$15,232,584	$5,381,096
OPERS Combined Plan	($24,228)	($44,572)	($58,606)

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net pension liability is not known.

Note 14 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below.

Inflation	2.5 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost of Living Adjustments (COLA)	0 percent, effective July 1, 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. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table 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.

Actuarial assumptions used in the July 1, 2018, valuation are based on the results of an actuarial experience study effective for the period July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range 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.

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
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
	100.00%	

* 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 a 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.

Note 14 - Defined Benefit Pension Plans (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. 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, 2018. 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, 2018.

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	$1,454,574	$996,032	$607,939

Note 15 - Postemployment Benefits

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - Ohio Public Employees Retirement System (OPERS)

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.

Note 15 - Postemployment Benefit Plans (continued)

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 Governmental Accounting Standards Board (GASB) Statement No. 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, 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 2018, 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 calendar year 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. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $15,022 for 2018. Of this amount, $1,665 is reported as an intergovernmental payable.

Note 15 - Postemployment Benefit Plans (continued)

Plan Description - State Teachers Retirement System (STRS)

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. Ohio law authorizes STRS to offer this plan. 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, 2020. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at 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, currently 14 percent of covered payroll. For 2018, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liability (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense.

	OPERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.09424000%	0.00452994%	
Prior Measurement Date	0.09633070%	0.00503595%	
Change in Proportionate Share	0.00209070%	0.00050601%	
Proportionate Share			
Net OPEB Liability	$10,233,770	$0	$10,233,770
Net OPEB Asset	0	72,790	72,790
OPEB Expense	799,597	(148,005)	651,592

Note 15 - Postemployment Benefit Plans (continued)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	OPERS	STRS	Total
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	$7,972	$4,262	$12,234
Changes of Assumptions	745,127	0	745,127
County Contributions Subsequent to the Measurement Date	15,022	0	15,022
Total Deferred Outflows of Resources	$768,121	$4,262	$772,383
Deferred Inflows of Resources			
Changes of Assumptions	$0	$99,184	$99,184
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	762,347	8,315	770,662
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	142,864	18,033	160,897
Total Deferred Inflows of Resources	$905,211	$125,532	$1,030,743

$15,022 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	OPERS	STRS	Total
Year Ending December 31,			
2019	$101,167	($21,489)	$79,678
2020	101,167	(21,489)	79,678
2021	(163,859)	(21,489)	(185,348)
2022	(190,587)	(19,601)	(210,188)
2023	0	(18,934)	(18,934)
Thereafter	0	(18,268)	(18,268)
Total	($152,112)	($121,270)	($273,382)

Note 15 - Postemployment Benefit Plans (continued)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.85 percent
Prior Measurement Date	4.23 percent
Investment Rate of Return	6.5 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent initial 3.25 percent ultimate in 2028
Actuarial Cost Method	individual entry age

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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.

Note 15 - Postemployment Benefit Plans (continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care related payments are assumed to occur mid-year. 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 Health Care portfolio was 15.2 percent for 2017.

The allocation of investment assets with the Health Care 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 continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the board approved asset allocation policy for 2017 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other Investments	17.00	5.39
Total	100.00 %	

Discount Rate **-** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6.5 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 and the municipal bond rate was applied to all health care costs after that date.

Note 15 - Postemployment Benefit Plans (continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate.

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's Proportionate Share of the Net OPEB Liability	$13,596,005	$10,233,770	$7,513,755

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's Proportionate Share of the Net OPEB Liability	$9,791,536	$10,233,770	$10,690,586

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net OPEB liability is not known.

Note 15 - Postemployment Benefit Plans (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below.

Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Medical	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees, the mortality rates 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. For disabled retirees, 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.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)". Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B reimbursements will be discontinued beginning January 1, 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Note 15 - Postemployment Benefit Plans (continued)

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB asset was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the Health Care Fund. Based on these assumptions, the OPEB 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 health care plan investments of 7.45 percent was used to measure the total OPEB asset as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer Twenty-Year Municipal Bond Rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB asset as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent as well as what the net OPEB asset 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 assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net OPEB Asset	$62,389	$72,790	$81,534

	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Asset	$81,041	$72,790	$64,414

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.

Note 16 - Other Employer Benefits (continued)

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, 2018, was as follows:

	Interest Rate	Restated Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities						
General Obligation Bonds						
2011 County Jail	1.0-3.0%	$200,000	$0	$200,000	$0	$0
(Original Amount $2,265,000)						
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		22,186,488	0	7,114,247	15,072,241	0
State Teachers Retirement System		1,196,301	0	200,269	996,032	0
Total Net Pension Liability		23,382,789	0	7,314,516	16,068,273	0
Net OPEB Liability						
Ohio Public Employees Retirement System		9,629,422	496,626	0	10,126,048	0
State Teachers Retirement System		196,485	0	269,275	(72,790)	0
Total Net OPEB Liability		9,825,907	496,626	269,275	10,053,258	0
Loan Payable		76,934	0	10,000	66,934	10,000
Compensated Absences		1,167,355	302,366	249,907	1,219,814	319,139
Total Other Long-Term Obligations		34,452,985	798,992	7,843,698	27,408,279	329,139
Total Governmental Activities		$34,652,985	$798,992	$8,043,698	$27,408,279	$329,139

Note 17 - Long-Term Obligations (continued)

	Interest Rate	Restated Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Business-Type Activities						
Net Pension Liability						
Ohio Public Employees Retirement System		$224,106	$0	$63,763	$160,343	$0
Net OPEB Liability						
Ohio Public Employees Retirement System		100,306	7,416	0	107,722	0
Compensated Absences		13,668	3,264	0	16,932	7,777
Closure/Postclosure Costs		1,248,259	0	75,279	1,172,980	78,394
Total Business-Type Activities		$1,586,339	$10,680	$139,042	$1,457,977	$86,171

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 fully retired in 2018.

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, $66,934 was not capitalized for governmental activities.

<u>Note 17 - Long-Term Obligations</u> (continued)

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

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

	Loan Payable
	Principal
2019	$10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024-2025	16,934
	$66,934

The County's legal debt margin at December 31, 2018, was $25,623,233.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2018
Good Shepherd Home for the Aged Project	1/21/99	$3,960,000	$2,110,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	3,070,000
Bretheran Care, Inc.	1/1/05	16,160,000	8,015,000
		$24,870,000	$13,195,000

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 $1,172,980 reported as the landfill postclosure liability at December 31, 2018, 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, 2018, liability decreased from the prior year by $75,279.

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.

Note 19 - Interfund Transfers and Internal Balance

During 2018, the General Fund made transfers to the Motor Vehicle and Gasoline Tax special revenue fund, in the amount of $9,318, Job and Family Services special revenue fund, in the amount of $83,592, and to other governmental funds, in the amount of $1,056,340, to subsidize operations in those funds. Other governmental funds made transfers to other governmental funds, in the amount of $4,161, to subsidize operations in those funds.

The County uses an internal proportionate share to allocate its net pension liability (asset) and corresponding deferred outflows/inflows of resources and pension expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the County as a whole.

Eliminations made in the total column of the government-wide statement of net position include deferred inflows of resources for the governmental activities and deferred outflows of resources for the business-type activities, in the amount of $424.

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	$207,063	$0	$0	$0
Materials and Supplies Inventory	33,528	717,318	5,657	0
Unclaimed Monies	141,117	0	0	0
Total Nonspendable	381,708	717,318	5,657	0
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,824,574
Job and Family Services Operations	0	0	844,747	0
Road and Bridge Repair/ Improvement	0	1,215,117	0	0
Sheriff Operations	35,805	0	0	0
Total Restricted	35,805	1,215,117	844,747	1,824,574
Committed to:				
Bi/Tri Centennial	2,169	0	0	0
Employee Retirement Payout	63,497	0	0	0
Total Committed	65,666	0	0	0
Assigned for:				
Document Recording	54,280	0	0	0
Projected Budget Shortage	1,877,903	0	0	0
Sheriff Operations	90,707	0	0	0
Unpaid Obligations	71,285	0	0	0
Total Assigned	2,094,175	0	0	0
Unassigned	2,329,626	0	0	0
Total Fund Balance	$4,906,980	$1,932,435	$850,404	$1,824,574

Note 20 - Fund Balance (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	$10,312	$3,476
Restricted for:		
Board of Elections	0	10,430
Child Support Enforcement	0	1,057,438
Court Operations	0	945,089
Crime Victims Assistance	0	4,943
Delinquent Tax Collections	0	145,294
Developmental Disabilities Operations	3,206,999	0
Dog and Kennel Operations	0	81,652
Economic Development	0	56,082
Emergency Management Agency	0	17,879
Job and Family Services Operations	0	240,295
Real Estate Assessments	0	1,373,244
Senior Citizens	0	13,349
Sheriff Operations	0	840,938
Total Restricted	3,206,999	4,786,633
Committed to:		
Road and Bridge Repair/ Improvement	0	12,071
Capital Projects	0	1,718,479
Student Scholarships	0	6,631
Total Committed	0	1,737,181
Unassigned (Deficit)	0	(93,898)
Total Fund Balance	$3,217,311	$6,433,392

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 2018, the County contributed $45,000 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.

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 2018, this allocation was $64,564.

Note 24 - Contingent Liabilities

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2018, to December 31, 2018, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

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

	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.09709665%	0.09868900%	0.10089046%	0.09998300%
County's Proportionate Share of the Net Pension Liability	$15,232,584	$22,410,594	$17,475,500	$12,059,067
County's Covered Payroll	$12,491,486	$12,145,083	$12,006,391	$11,682,338
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	121.94%	184.52%	145.55%	103.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See Accompanying Notes to the Required Supplementary Information

2014
0.09998300%
$11,786,693
$12,083,581
97.54%
86.36%

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Ashland County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	2018
County's Proportion of the Net Pension Asset	0.03274080%
County's Proportionate Share of the Net Pension Asset	$44,572
County's Covered Payroll	$136,915
County's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	32.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.00452994%	0.00503595%	0.00559366%	0.00632302%
County's Proportionate Share of the Net Pension Liability	$996,032	$1,196,301	$1,872,367	$1,747,497
County's Covered Payroll	$514,979	$553,643	$588,557	$659,700
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.41%	216.08%	318.13%	264.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

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

See Accompanying Notes to the Required Supplementary Information

2014	2013
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 Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Two Years (1)

	2018	2017
County's Proportion of the Net OPEB Liability	0.09424000%	0.09633070%
County's Proportionate Share of the Net OPEB Liability	$10,233,770	$9,729,728
County's Covered Payroll	$13,049,176	$12,744,941
County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	78.42%	76.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017
County's Proportion of the Net OPEB Liability (Asset)	0.00452994%	0.00503595%
County's Proportionate Share of the Net OPEB Liability (Asset)	($72,790)	$196,485
County's Covered Payroll	$525,686	$582,743
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-13.85%	33.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	176.00%	47.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See Accompanying Notes to the Required Supplementary Information

Ashland County
Required Supplementary Information
Schedule of the County's Contributions
Ohio Public Employees Retirement System
Last Six Years (1) (2)

	2018	2017	2016	2015
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	$1,813,057	$1,703,582	$1,532,356	$1,512,762
Contributions in Relation to the Contractually Required Contribution	(1,813,057)	(1,703,582)	(1,532,356)	(1,512,762)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$12,362,487	$12,491,486	$12,145,083	$12,006,391
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.64%	12.62%	12.60%
Net Pension Asset - Combined Plan				
Contractually Required Contribution	$22,714	$17,799	$18,925	$20,593
Contributions in Relation to the Contractually Required Contribution	(22,714)	(17,799)	(18,925)	(20,593)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$162,243	$136,915	$157,708	$171,608
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	$15,022	$143,115	$263,742	
Contributions in Relation to the Contractually Required Contribution	(15,022)	(143,115)	(263,742)	
Contribution Deficiency (Excess)	$0	$0	$0	
County Covered Payroll (3)	$12,900,280	$13,049,176	$12,744,941	
OPEB Contributions as a Percentage of Covered Payroll	0.04%	1.02%	2.04%	

(1) Information prior to 2013 is not available.
(2) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Notes to the Required Supplementary Information

2014	2013
$1,474,833	$1,645,783
(1,474,833)	(1,645,783)
$0	$0
$11,682,338	$12,083,581
12.62%	13.62%
$17,301	$12,429
(17,301)	(12,429)
$0	$0
$144,175	$95,608
12.00%	13.00%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$70,113	$73,596	$81,584	$92,009
Contributions in Relation to the Contractually Required Contribution	(70,113)	(73,596)	(81,584)	(92,009)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll (1)	$500,807	$525,686	$582,743	$657,207
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) The County's covered payroll is the same for the pension and OPEB.

See Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
$88,232	$84,453	$88,518	$105,369	$102,238	$106,889
(88,232)	(84,453)	(88,518)	(105,369)	(102,238)	(106,889)
$0	$0	$0	$0	$0	$0
$655,515	$649,638	$680,908	$810,531	$786,446	$822,223
13.46%	13.00%	13.00%	13.00%	13.00%	13.00%
$3,540	$6,496	$6,809	$8,105	$7,864	$8,222
(3,540)	(6,496)	(6,809)	(8,105)	(7,864)	(8,222)
$0	$0	$0	$0	$0	$0
0.54%	1.00%	1.00%	1.00%	1.00%	1.00%

Changes in Assumptions - OPERS Pension

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.

	2017	2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 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 improvement 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 improvement 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 are determined by applying the MP-2015 mortality improvement 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.

Changes in Assumptions - STRS Pension

Amounts reported beginning in 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.

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

Beginning in 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. Preretirement mortality rates were based on RP-2014 Employee Mortality Table 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.

For the 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 were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Changes in Assumptions - STRS OPEB

For 2018, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms - STRS OPEB

For 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January, 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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ASHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed through the Ohio Development Services Agency)				
Community Development Block Grants/State's Program	14.228	B-F-17-1AC-1		$ 148,500
		N/A		55,328
Total Community Development Block Grants/State's Program				203,828
Home Investment Partnerships Program	14.239	N/A		193,905
Total U.S. Department of Housing and Urban Development				**397,733**
U.S. DEPARTMENT OF JUSTICE				
(Passed through Ohio Attorney General)				
Crime Victim Assistance	16.575	2019-SVAA-132131433		940
		2018-SVAA-109145833		3,132
		2019-VOCA-132131429		7,723
		2018-VOCA-109145826		28,774
Total Crime Victim Assistance				40,569
Total U.S. Department of Justice				**40,569**
U.S. DEPARTMENT OF HOMELAND SECURITY				
(Passed through the Ohio Emergency Management Agency)				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01		31,569
Total U.S. Department of Homeland Security				**31,569**
U.S. DEPARTMENT OF EDUCATION				
(Passed through the Ohio Department of Education)				
Special Education Cluster:				
Special Education_Grants to States	84.027	N/A		42,367
Special Education_Preschool Grants	84.173	N/A		3,062
Total Special Education Cluster				45,429
Total U.S. Department of Education				**45,429**
U.S. DEPARTMENT OF AGRICULTURE				
(Passed through the Ohio Department of Education)				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A		14,502
School Breakfast Program	10.553	N/A		8,425
Total Child Nutrition Cluster				22,927
(Passed through the Ohio Department of Job & Family Services)				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	G-1617-11-5481		182,224
Total U.S. Department of Agriculture				**205,151**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through the Ohio Department of Job & Family Services)				
Promoting Safe and Stable Families	93.556	G-1617-11-5481		11,597
Temporary Assistance for Needy Families Cluster	93.558	G-1617-11-5481	$ 384,509	818,942
Child Support Enforcement	93.563	G-1617-11-5481		435,005
Child Care and Development Block Grant Cluster:				
Child Care and Development Block Grant	93.575	G-1617-11-5481		13,934
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5481		53,998
Foster Care_Title IV-E	93.658	G-1617-11-5481		613,081

ASHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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		96,030
Social Services Block Grant (Passed through the Ohio Department of Job and Family Services)	93.667	G-1617-11-5481		599,410
Social Services Block Grant (Passed through the Ohio Department of Mental Health)	93.667	N/A		35,672
Social Services Block Grant (Passed through the Ohio Department of Developmental Disabilities)	93.667	N/A		34,479
Total Social Services Block Grant				669,561
Chafee Foster Care Independence Program	93.674	N/A		2,716
Children's Health Insurance Program	93.767	N/A		1,189
Medicaid Cluster:				
Medical Assistance Program (Passed through the Ohio Department of Job and Family Services)	93.778	G-1617-11-5481		407,075
Medical Assistance Program (Passed through the Ohio Department of Developmental Disabilities)	93.778	N/A		138,109
Total Medicaid Cluster				545,184
Cures Board Project	93.788	N/A		43,448
(Passed through the Ohio Department of Mental Health)				
Block Grants for Community Mental Health Services	93.958	N/A		32,974
(Passed through the Ohio Department of Alcohol and Drug Addition Services)				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A		266,191
Total U.S. Department of Health and Human Services			**384,509**	**3,603,850**
U.S. DEPARTMENT OF TRANSPORTATION				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction Cluster	20.205	103077		14,484
Total U.S. Department of Transportation				**14,484**
U.S. DEPARTMENT OF LABOR				
(Passed through the Ohio Department of Job and Family Services)				
(Passed through Area 7 Workforce Investment Board)				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	2018-7203-1/2019-7203-1		11,263
Trade Adjustment Assistance	17.245	2018-7203-1/2019-7203-1		2,093
Workforce Investment Act Cluster:				
Workforce Investment Act Adult Program	17.258	2018-7203-1/2019-7203-1		109,844
Workforce Investment Act Youth Activities	17.259	2018-7203-1/2019-7203-1	134,461	134,621
Workforce Investment Act Dislocated Worker Formula Grants	17.278	2018-7203-1/2019-7203-1		50,069
Total Workforce Investment Act Cluster				294,534
Total U.S. Department of Labor			**134,461**	**307,890**
U.S. Elections Assistance Commission				
(Passed through the Ohio Secretary of State)				
HAVA Election Security Grant Funds	90.404	N/A		2,454
Total U.S. Elections Assistance Commission				**2,454**
TOTAL			**$ 518,970**	**$ 4,649,129**

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018. 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 the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - 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 E - 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 F - 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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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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 2nd Street
Ashland, Oh 44805

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 23, 2019, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

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 report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

September 23, 2019

88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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 2nd Street
Ashland, Ohio 44805

To the Board of 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, 2018. 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 compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

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.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

September 23, 2019

ASHLAND COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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
OCTOBER 8, 2019

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370
www.ohioauditor.gov