



Dave Yost • Auditor of State

PICKAWAY COUNTY
DECEMBER 31, 2016

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pickaway County
207 South Court Street
Circleville, Ohio 43113

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, the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Auto, License and Gas Tax, Job and Family Services and Board of Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 13, 2017

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

The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2016. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at December 31, 2016, by \$66,273,821.
- The net position of governmental activities increased \$4,767,841 which represents a 8.03 percent increase from 2015, while the net position of business-type activities increased \$156,192, which represents a 7.69 percent increase.
- For 2016, all revenues of the County totaled \$45,244,841. General revenues accounted for \$20,940,621 in revenue or 46.28 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$24,304,220 or 53.72 percent of all revenues.
- The County had \$40,321,551 in total expenses: only \$24,304,220 of these expenses were offset by program specific charges for services, grants and contributions. General revenues were \$20,940,621 of which \$16,979,464 was taxes and payment in lieu of taxes with the remaining \$3,928,949 interest, grants, entitlements not restricted and miscellaneous revenues.
- As of December 31, 2016, the County's governmental funds reported combined ending fund balances of \$33,806,872 an increase of \$3,437,297 or 11.32 percent in comparison with the prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pickaway County as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net position and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

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

The statement of net position presents information on all of the County's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

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

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works, economic development and assistance, conservation and recreation and general government (legislative and executive and judicial). These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The countywide water and sewer operation and the Sheriff web check activity are reported here.

Component Units - The County's financial statements include financial data for the Pickaway County Airport Authority. This component unit is described in the notes to the basic financial statements. The component unit is separate and may buy, sell, lease and mortgage property in its own name and can sue and be sued in its own name.

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Auto, License and Gas Tax, Job and Family Services, and Board of Developmental Disabilities.

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds - The County maintains three proprietary funds. It uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Countywide Sewer, Countywide Water and Instant Web Check Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary funds are private-purpose trust and agency.

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

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

Government-Wide Financial Analysis

You may recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2016 compared to 2015:

Table 1

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>Assets:</u>						
Current and Other Assets	\$45,246,116	\$40,385,350	\$288,972	\$347,330	\$45,535,088	\$40,732,680
Capital Assets, Net	43,067,323	42,004,950	4,870,442	4,955,509	47,937,765	46,960,459
<i>Total Assets</i>	<u>88,313,439</u>	<u>82,390,300</u>	<u>5,159,414</u>	<u>5,302,839</u>	<u>93,472,853</u>	<u>87,693,139</u>
Deferred Outflows of Resources	7,362,959	2,355,332	47,518	34,230	7,410,477	2,389,562
<u>Liabilities:</u>						
Current and Other Liabilities	1,899,797	1,409,654	17,117	18,679	1,916,914	1,428,333
<i>Long-Term Liabilities:</i>						
Due within One Year	1,584,057	1,525,501	191,174	190,516	1,775,231	1,716,017
<i>Due in More Than One Year:</i>						
Net Pension Liability	18,824,344	12,963,270	120,935	215,470	18,945,279	13,178,740
Other Amounts	2,542,805	3,150,255	2,688,266	2,879,440	5,231,071	6,029,695
<i>Total Liabilities</i>	<u>24,851,003</u>	<u>19,048,680</u>	<u>3,017,492</u>	<u>3,304,105</u>	<u>27,868,495</u>	<u>22,352,785</u>
Deferred Inflows of Resources	6,738,682	6,377,337	2,332	2,048	6,741,014	6,379,385
<u>Net Position:</u>						
Net Investments in Capital Assets	44,228,146	38,764,845	1,991,002	1,885,553	46,219,148	40,650,398
<i>Restricted For:</i>						
Auto License and Gas Tax	2,972,866	2,325,965	0	0	2,972,866	2,325,965
Human Services	444,844	299,344	0	0	444,844	299,344
Developmental Disabilities	17,986,113	16,635,786	0	0	17,986,113	16,635,786
Debt Service	116,142	113,752	0	0	116,142	113,752
Other Purposes	3,934,084	4,931,679	0	0	3,934,084	4,931,679
Unrestricted	(5,595,482)	(3,751,756)	196,106	145,363	(5,399,376)	(3,606,393)
<i>Total Net Position</i>	<u>\$64,086,713</u>	<u>\$59,319,615</u>	<u>\$2,187,108</u>	<u>\$2,030,916</u>	<u>\$66,273,821</u>	<u>\$61,350,531</u>

The County adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

As a result of implementing GASB 68, the County is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Governmental current assets increased for the year ended 2016 when compared with 2015. The majority of the increase is due to increases in the cash and cash equivalents held by the County and intergovernmental receivables.

The increase in governmental capital assets is due primarily to infrastructure and other capital asset additions exceeding current year depreciation.

Pickaway County, Ohio
Management's Discussion and Analysis
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The increase in current liabilities for governmental activities is due mostly to increases in accounts payable and contracts payable in 2016.

The County's net position is reflected in three categories: Net investment in capital assets, restricted and unrestricted.

For governmental activities, the County's largest portion of net position relates to net investment in capital assets. This accounts for 69.01 percent of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net position is unrestricted which has a deficit balance of \$5,595,482.

The remaining balance of \$25,454,049 or 39.72 percent is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Business-type current assets decreased due primarily to a decrease in cash and cash equivalents. Capital assets decreased due to the annual depreciation. Current liabilities for business-type activities decreased primarily as a result of a decrease in accrued wages and benefits payable.

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

Table 2 shows the changes in net position for 2016 compared to 2015.

Table 2
Net Position

	Governmental	Activities	Business-Type	Activities	Total	
	2016	2015	2016	2015	2016	2015
<i>Program Revenues:</i>						
Charges for Services	\$4,976,669	\$5,062,132	\$460,915	\$562,544	\$5,437,584	\$5,624,676
Operating Grants & Contributions	14,894,631	13,252,029	0	0	14,894,631	13,252,029
Capital Grants & Contributions	3,923,685	450,000	48,320	0	3,972,005	450,000
<i>Total Program Revenues</i>	<u>23,794,985</u>	<u>18,764,161</u>	<u>509,235</u>	<u>562,544</u>	<u>24,304,220</u>	<u>19,326,705</u>
<i>General Revenues:</i>						
Property Taxes	8,142,563	7,694,285	0	0	8,142,563	7,694,285
Sales Taxes	8,714,639	8,211,873	0	0	8,714,639	8,211,873
Payments in Lieu of Taxes	122,262	118,696	0	0	122,262	118,696
Grants & Entitlements	1,748,210	1,442,073	0	0	1,748,210	1,442,073
Interest	376,518	276,936	6,658	0	383,176	276,936
Miscellaneous	1,825,686	1,342,259	4,085	0	1,829,771	1,342,259
<i>Total General Revenues</i>	<u>20,929,878</u>	<u>19,086,122</u>	<u>10,743</u>	<u>0</u>	<u>20,940,621</u>	<u>19,086,122</u>
<i>Total Revenues</i>	<u>44,724,863</u>	<u>37,850,283</u>	<u>519,978</u>	<u>562,544</u>	<u>45,244,841</u>	<u>38,412,827</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	6,051,322	5,821,383	0	0	6,051,322	5,821,383
Judicial	2,503,006	2,262,240	0	0	2,503,006	2,262,240
Public Safety	8,077,477	7,185,740	0	0	8,077,477	7,185,740
Public Works	10,226,004	5,508,157	0	0	10,226,004	5,508,157
Health	5,070,287	4,810,764	0	0	5,070,287	4,810,764
Human Services	7,441,443	7,097,949	0	0	7,441,443	7,097,949
Conservation & Recreation	396,408	372,755	0	0	396,408	372,755
Economic Development & Assistance	64,498	270,827	0	0	64,498	270,827
Interest & Fiscal Charges	127,320	135,481	0	0	127,320	135,481
Countywide Sewer	0	0	280,754	476,265	280,754	476,265
Countywide Water	0	0	42,976	40,464	42,976	40,464
Instant Web Checks	0	0	40,056	45,609	40,056	45,609
<i>Total Program Expenses</i>	<u>39,957,765</u>	<u>33,465,296</u>	<u>363,786</u>	<u>562,338</u>	<u>40,321,551</u>	<u>34,027,634</u>
<i>Changes in Net Position</i>	4,767,098	4,384,987	156,192	206	4,923,290	4,385,193
Net Position at January 1	<u>59,319,615</u>	<u>54,934,628</u>	<u>2,030,916</u>	<u>2,030,710</u>	<u>61,350,531</u>	<u>56,965,338</u>
Net Position at December 31	<u>\$64,086,713</u>	<u>\$59,319,615</u>	<u>\$2,187,108</u>	<u>\$2,030,916</u>	<u>\$66,273,821</u>	<u>\$61,350,531</u>

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

Governmental Activities

The most significant program expenses for the County are Public Works, Public Safety, Human Services, Legislative and Executive, and Health. These programs account for 92.26 percent of the total governmental activities. Public Works, which accounts for 25.59 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Public Safety, which represents 20.22 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Human Services, which accounts for 18.62 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, and welfare programs for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Legislative and Executive expenses, which is 15.14 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Health, which accounts for 12.69 percent of the total, primarily represents costs associated with the services provided by the Board of Developmental Disabilities. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Developmental Disabilities is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net position for the governmental activities increased \$4,767,098 or 8.03 percent. This change is different from last year when net position increased \$4,384,987 or 7.98 percent. Total revenues increased \$6,874,580 or 18.16 percent from last year and expenses increased \$6,492,469 or 19.40 percent from last year.

Factors in the change in revenues are significant increases in operating grants and contributions, which increased \$1,642,602 or 12.40 percent and capital grants and contributions, which increased \$3,473,685 or 771.93 percent.

Expenses increased 19.40 percent during 2016. Several factors led to this increase. Public Works expenditures increased \$4,717,847 or 85.65 percent, which is due to an increase in Issue I funding from Ohio Public Works for road construction projects.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and sales, 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.

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

Table 3
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General Government				
Legislative and Executive	\$6,051,322	\$5,821,383	\$3,379,430	\$3,269,179
Judicial	2,503,006	2,262,240	1,434,420	1,152,581
Public Safety	8,077,477	7,185,740	6,712,563	6,066,775
Public Works	10,226,004	5,508,157	(469,575)	(372,236)
Health	5,070,287	4,810,764	3,672,206	3,031,673
Human Services	7,441,443	7,097,949	1,012,010	1,042,850
Conservation and Recreation	396,408	372,755	396,408	372,755
Community and Economic Development	64,498	270,827	(102,002)	2,077
Interest and Fiscal Charges	127,320	135,481	127,320	135,481
Total Expenses	<u>\$39,957,765</u>	<u>\$33,465,296</u>	<u>\$16,162,780</u>	<u>\$14,701,135</u>

Of the \$39,957,765 in total governmental activities expenses, \$23,794,985 or 59.55 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Board of Developmental Disabilities. For Public Works, the County Engineer has fully funded their operations.

Additional revenues were provided to the governmental activities by the state and federal governments for operations and capital improvements.

Business-Type Activities

This year, net position increased by \$156,192 or 7.69 percent. For 2016, there was a decrease in expenses, which was the result of decreases in fringe benefits and contractual services expenses.

Financial Analysis of the County's Funds

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the calendar year.

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

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$33,806,872. Of this total, \$7,780,970 represents unassigned fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The majority amount of the governmental fund balances are restricted in the governmental fund statements, mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2016, the unassigned fund balance of the General Fund was \$7,781,001. Unassigned fund balance represents 52.47 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$1,200,181, with the primary reasons being increases in expenditures were still maintained below revenues during 2016.

The Auto, License and Gas Tax Fund balance increased by \$642,212 which is due to an increase in intergovernmental revenues. The Job and Family Services Fund balance increased by \$162,421, which is the result of increased intergovernmental revenues. The Board of Developmental Disabilities Fund balance increased by \$1,166,761 which is the result of an increase in intergovernmental receipts, other receipts, charges for services and a decrease in expenditures.

Proprietary Fund - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net position of this proprietary fund at year end was \$1,348,734, of which \$203,302 was unrestricted, which is an increase of \$167,689 or 14.20 percent.

Budgetary Highlights - General Fund

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. Essentially the budget is the County's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in a decrease from the original appropriations of 0.12 percent or \$18,032, from 14,806,692 to \$14,788,660, in the General Fund. The decrease occurred in the Legislative and Executive expenditure function. The County spent 98.27 percent of the amount appropriated in the General Fund during 2016.

The final budgeted revenues were \$15,485,571 representing no change from the original budgeted estimate. Actual revenues were \$265,018 more than the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$46,219,148. This net investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure and less related debt. For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

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

Debt

Outstanding special assessment bonds at December 31, 2016, totaled \$36,000 with \$11,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owners, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2016 were \$486,266 with \$354,990 being retired during the year. These notes relate to proceeds used to purchase equipment for the County Engineer and reconstruction of roads and sidewalks.

General obligation bonds at December 31, 2016 were \$1,900,615 with \$195,000 being retired during the year. These bonds relate to proceeds used to renovate all County buildings with improvements meant for energy savings.

Loans outstanding at December 31, 2016 were \$166,457 from the Ohio Public Works Commission with \$12,804 being retired during 2016; \$35,681 for Clark's Run Ditch with \$36,192 being retired during the year and \$6,332 for Pence Tile Ditch Improvement Project with \$6,357 being retired during 2016. These loans relate to proceeds used to complete renovations of the Cromley Road Bridge Replacement Project, Clark's Run Ditch project and Pence Tile Ditch Improvement Project.

The County continues to monitor its outstanding debt. Information relative to the County's debt is identified in Notes 9 and 10 of the notes to the basic financial statements.

Economic Factors

The economic outlook for the County continues to improve. The County's General Fund income increased in 2016 compared to 2015 revenues. Sales tax revenues are projected to continue to grow due to steady growth and the addition of new businesses locating in the County. Local government and casino revenues remained fairly constant in 2016 compared to 2015. They are expected to remain the same in 2017. Appropriations for 2017 are expected to slightly increase over the actual expenditures for 2016. The ending balance for 2017 is expected to be higher than it was at the end of 2016. These various economic factors were considered in the preparation of the County's 2016 budget and will be considered in the preparation of future budgets. With the slight increase in health insurance premiums and the small increase in salary and benefits, excluding union and bargaining employees and elected officials, the County took a conservative budget approach for the General Fund in 2016 by allowing only slight increases for department appropriations and other operating expenses.

Infrastructure

Progress continues to be made in local efforts to improve the transportation, utility, and community enhancement infrastructure needed to promote sustained economic growth in Pickaway County.

Thomson JRS – Construction of \$3.5 million of new roadwork and utilities infrastructure was completed on the old Thomson RCA site in Circleville. Now known as the Pickaway Progress Park, this 224 acre multi-use industrial and commercial business park provides our community with a certified, fully-serviced location to attract new business.

Southern Gateway Innovation Center – A \$500,000 appropriation was secured in the State of Ohio Capital Budget Bill to match the \$2.5 million federal grant that P3 helped Ohio Christian University secure for the construction of the Southern Gateway Innovation Center. This project presents an exciting opportunity to provide new resources for entrepreneurial support and small business development in Pickaway County. The Pickaway County Commissioners and the City of Circleville also pledged capital contributions to P3 for construction costs. Construction began in the fall of 2015 with an anticipated completion date of spring 2017.

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

Roundtown Trail – Construction of the Roundtown Trail began in the summer of 2016. This 7,200 foot paved recreational trail that will connect the campuses of Ohio Christian University and Circleville City Schools with the Pickaway County YMCA in Circleville. P3 secured over \$500,000 in grant monies for the construction of the trail that will improve pedestrian safety and provide new recreational opportunities for students, residents and visitors to the area. The project is expected to be complete in spring of 2017.

Court Street Connector – The Court Street Connector project was completed in 2016. This \$2.5 million roadwork project provides new connectivity between Circleville and the west-side retail shopping area along US 23.

Business Retention & Expansion

P3 is committed to providing support for existing industry in Pickaway County. 2016 saw a continuation of the trend from previous years with new investment and job creation by the major employers in the county.

Trimold, LLC - Trimold completed an expansion of its injection molding plant on Pittsburgh Road in Pickaway Township. 68,000 square feet of new facilities were added to help accommodate the significant growth Trimold has experienced over the last three years. Resurgence in the automotive sector has fueled the recent creation of over 130 new full-time jobs at Trimold. This project will position Trimold to sustain this growth and add capacity for future expansion.

Health Care Logistics – Health Care Logistics started a complete overhaul of their production and warehouse facility in Circleville. In addition to a new sales floor and office space, a new 58,000 square foot warehouse was constructed and 80 new full-time jobs will be added over the next three years.

New Business Attraction

Collaborative planning and strategic investments in infrastructure and incentives have positioned Pickaway County to be the next growth frontier in the Columbus Region. P3 and its local government stakeholders are successfully competing and attracting new business investment in Pickaway County.

American Showa - American Showa, an auto parts manufacturer for Honda and other brands, selected Pickaway County to construct its new 340,000 square foot distribution center. The Rickenbacker Intermodal area of Harrison Township was chosen for this project over other competing locations around the state. Showa officials anticipate significant savings on their logistics costs by consolidating warehousing, shipping and receiving operation from across multiple locations into this new state of the art facility.

BASF – BASF built a new 420,000 square foot warehouse and logistics facility in the northern Pickaway County Rickenbacker Intermodal area. Approximately 50 new full-time jobs will be brought to Pickaway County as a result.

InnoPak – InnoPak leased approximately half of a new 486,000 square foot warehouse and logistics facility in the northern Pickaway County Rickenbacker Intermodal area. The food products packaging manufacturer will bring 40 new jobs to Pickaway County.

Sofidel – Sofidel, an Italian tissue paper products company, announced a \$300 million capital investment in a 1.7 million square foot facility to be built in Pickaway Township. 310 new full-time jobs averaging \$19.67/hour will comprise Phase 1 of the project. A potential second phase of investment could add another \$300 million investment and 300 more jobs over the next six years.

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

Chancellor Health Partners – A new \$12 million new private pay senior living community in Circleville with a mix of independent and assisted living options. 45 new full-time positions added.

Requests 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 finances. Questions concerning any of the information provided in this report, request for additional financial information or about obtaining the separately issued financial statements of the County's component unit should be addressed to Melissa A. Betz, Pickaway County Auditor, 207 S. Court Street, Room 1, Circleville, Ohio 43113.

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Pickaway County, Ohio
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$29,856,026	\$253,031	\$30,109,057	\$234,734
Cash and Cash Equivalents in Segregated Accounts	219,695	0	219,695	0
Materials and Supplies Inventory	380,972	0	380,972	0
Accrued Interest Receivable	50,401	0	50,401	0
Accounts Receivable	36,520	67,508	104,028	0
Loans Receivable	428,790	0	428,790	0
Internal Balance	45,834	(45,834)	0	0
Intergovernmental Receivable	5,265,878	13,369	5,279,247	0
Sales Taxes Receivable	1,435,798	0	1,435,798	0
Property Taxes Receivable	6,757,564	0	6,757,564	0
Payment in Lieu of Taxes Receivable	478,230	0	478,230	0
Special Assessments Receivable	38,010	0	38,010	0
Prepaid Items	252,398	898	253,296	0
Nondepreciable Capital Assets	763,332	13,964	777,296	218,036
Depreciable Capital Assets, Net	42,303,991	4,856,478	47,160,469	1,464,702
<i>Total Assets</i>	<u>88,313,439</u>	<u>5,159,414</u>	<u>93,472,853</u>	<u>1,917,472</u>
Deferred Outflows of Resources	<u>7,362,959</u>	<u>47,518</u>	<u>7,410,477</u>	<u>0</u>
Liabilities:				
Accounts Payable	482,927	780	483,707	2,957
Accrued Wages and Benefits	815,919	5,731	821,650	0
Contracts Payable	545,314	0	545,314	0
Intergovernmental Payable	47,124	4,120	51,244	0
Accrued Interest Payable	8,513	6,486	14,999	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,584,057	191,174	1,775,231	0
<i>Due In More Than One Year:</i>				
Net Pension Liability	18,824,344	120,935	18,945,279	0
Other Amounts Due in More than One Year	2,542,805	2,688,266	5,231,071	0
<i>Total Liabilities</i>	<u>24,851,003</u>	<u>3,017,492</u>	<u>27,868,495</u>	<u>2,957</u>
Deferred Inflows of Resources	<u>6,129,670</u>	<u>0</u>	<u>6,129,670</u>	<u>0</u>
Property Taxes	6,129,670	0	6,129,670	0
Payment in Lieu of Taxes	239,115	0	239,115	0
Pension	369,897	2,332	372,229	0
Deferred Inflows of Resources	<u>6,738,682</u>	<u>2,332</u>	<u>6,741,014</u>	<u>0</u>
Net Position:				
Net Investment in Capital Assets	44,228,146	1,991,002	46,219,148	1,682,738
<i>Restricted for:</i>				
Auto License and Gas Tax	2,972,866	0	2,972,866	0
Human Services	444,844	0	444,844	0
Developmental Disabilities	17,986,113	0	17,986,113	0
Debt Service	116,142	0	116,142	0
Other Purposes	3,934,084	0	3,934,084	4,534
Unrestricted	(5,595,482)	196,106	(5,399,376)	222,709
<i>Total Net Position</i>	<u>\$64,086,713</u>	<u>\$2,187,108</u>	<u>\$66,273,821</u>	<u>\$1,914,515</u>

See accompanying notes to the basic financial statements.

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$6,051,322	\$2,671,892	\$0	\$0
Judicial	2,503,006	820,641	247,945	0
Public Safety	8,077,477	592,016	772,898	0
Public Works	10,226,004	262,376	6,509,518	3,923,685
Health	5,070,287	226,073	1,172,008	0
Human Services	7,441,443	403,671	6,025,762	0
Conservation and Recreation	396,408	0	0	0
Community and Economic Development	64,498	0	166,500	0
Interest and Fiscal Charges	127,320	0	0	0
<i>Total Governmental Activities</i>	<u>39,957,765</u>	<u>4,976,669</u>	<u>14,894,631</u>	<u>3,923,685</u>
Business-Type Activities:				
Countywide Sewer	280,754	437,700	0	0
Countywide Water	42,976	31,195	0	0
Instant Web Checks	40,056	40,340	0	0
<i>Total Business-Type Activities</i>	<u>363,786</u>	<u>509,235</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$40,321,551</u>	<u>\$5,485,904</u>	<u>\$14,894,631</u>	<u>\$3,923,685</u>
Component Units:				
Pickaway County Airport Authority	\$258,178	\$82,494	\$26,097	\$119,043
<i>Total Component Units</i>	<u>\$258,178</u>	<u>\$82,494</u>	<u>\$26,097</u>	<u>\$119,043</u>

General Revenues:

Property Taxes Levied for:

General Purposes

Health

Debt Service

Sales Tax for:

General Purposes

Capital Projects

Grants and Entitlements not Restricted to Specific Programs

Payment in Lieu of Taxes

Investment Earnings

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
(\$3,379,430)	\$0	(\$3,379,430)	\$0
(1,434,420)	0	(1,434,420)	0
(6,712,563)	0	(6,712,563)	0
469,575	0	469,575	0
(3,672,206)	0	(3,672,206)	0
(1,012,010)	0	(1,012,010)	0
(396,408)	0	(396,408)	0
102,002	0	102,002	0
(127,320)	0	(127,320)	0
(16,162,780)	0	(16,162,780)	0
0	156,946	156,946	0
0	(11,781)	(11,781)	0
0	284	284	0
0	145,449	145,449	0
(16,162,780)	145,449	(16,017,331)	0
0	0	0	(30,544)
0	0	0	(30,544)
3,721,269	0	3,721,269	0
4,370,948	0	4,370,948	0
50,346	0	50,346	0
7,161,566	0	7,161,566	0
1,553,073	0	1,553,073	0
1,748,210	0	1,748,210	0
122,262	0	122,262	0
376,518	6,658	383,176	0
1,825,686	4,085	1,829,771	10,162
20,929,878	10,743	20,940,621	10,162
4,767,098	156,192	4,923,290	(20,382)
59,319,615	2,030,916	61,350,531	1,934,897
<u>\$64,086,713</u>	<u>\$2,187,108</u>	<u>\$66,273,821</u>	<u>\$1,914,515</u>

Pickaway County, Ohio

Balance Sheet

Governmental Funds

December 31, 2016

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$6,642,451	\$876,577	\$186,230	\$17,582,066
Cash and Cash Equivalents In Segregated Accounts	88,276	0	0	0
Materials and Supplies Inventory	56,160	321,407	3,405	0
Accounts Receivable	20,754	15,386	0	0
Loans Receivable	0	0	0	0
Accrued Interest Receivable	50,401	0	0	0
Interfund Receivable	124,033	5,408	80,640	0
Intergovernmental Receivable	581,442	2,648,923	416,044	308,760
Prepaid Items	127,133	13,002	55,961	42,980
Sales Taxes Receivable	1,378,366	0	0	0
Property Taxes Receivable	3,107,403	0	0	3,650,161
Payment in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$12,176,419</u>	<u>\$3,880,703</u>	<u>\$742,280</u>	<u>\$21,583,967</u>
Liabilities:				
Accounts Payable	\$152,776	\$79,413	\$0	\$97,918
Accrued Wages and Benefits	458,949	86,829	109,823	85,496
Contracts Payable	0	513,259	0	0
Intergovernmental Payable	19,816	0	0	15,034
Interfund Payable	7,999	0	0	0
<i>Total Liabilities</i>	<u>639,540</u>	<u>679,501</u>	<u>109,823</u>	<u>198,448</u>
Deferred Inflows of Resources:				
Property Taxes	3,107,403	0	0	3,650,161
Payment in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Unavailable Grants Revenue	353,553	1,108,262	0	214,167
Unavailable Interest Revenue	32,208	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>3,493,164</u>	<u>1,108,262</u>	<u>0</u>	<u>3,864,328</u>
Fund Balances:				
Nonspendable	262,714	334,409	59,366	42,980
Restricted	0	1,758,531	573,091	17,478,211
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	7,781,001	0	0	0
<i>Total Fund Balances</i>	<u>8,043,715</u>	<u>2,092,940</u>	<u>632,457</u>	<u>17,521,191</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$12,176,419</u>	<u>\$3,880,703</u>	<u>\$742,280</u>	<u>\$21,583,967</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2016*

Other Governmental Funds	Total Governmental Funds	Total Governmental Funds Balances	\$33,806,872
\$4,568,702	\$29,856,026	<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
131,419	219,695	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	43,067,323
0	380,972		
380	36,520		
428,790	428,790	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
0	50,401	Property Taxes	627,894
2,591	212,672	Payments in Lieu of Taxes	239,115
1,310,709	5,265,878	Special Assessments	38,010
13,322	252,398	Intergovernmental Revenue	2,241,948
57,432	1,435,798	Accrued Interest	32,208
0	6,757,564		
478,230	478,230	Total	3,179,175
38,010	38,010		
\$7,029,585	\$45,412,954	In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(8,513)
\$152,820	\$482,927	Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not	
74,822	815,919	General Obligation Notes	(486,266)
32,055	545,314	General Obligation Bonds	(1,900,615)
12,274	47,124	Loans Payable	(42,013)
158,839	166,838	OPWC Loans Payable	(166,457)
430,810	2,058,122	Special Assessment Bonds	(36,000)
0	6,757,564	Capital Leases Payable	(87,069)
478,230	478,230	Compensated Absences	(1,408,442)
38,010	38,010		
565,966	2,241,948	Total	(4,126,862)
0	32,208		
1,082,206	9,547,960	The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
442,112	1,141,581	Deferred Outflows - Pension	7,362,959
4,391,008	24,200,841	Deferred Inflows - Pension	(369,897)
668,513	668,513	Net Pension Liability	(18,824,344)
14,967	14,967		
(31)	7,780,970	Total	(11,831,282)
5,516,569	33,806,872		
\$7,029,585	\$45,412,954	<i>Net Position of Governmental Activities</i>	\$64,086,713

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

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Revenues:				
Property Taxes	\$3,548,210	\$0	\$0	\$4,167,961
Sales Tax	7,161,566	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	3,138,846	119,802	0	119,786
Licenses and Permits	54,234	0	0	0
Fines and Forfeitures	78,315	238	0	0
Intergovernmental	1,857,641	9,760,220	3,709,682	1,195,878
Interest	328,507	10,773	0	0
Rent	83,397	0	0	0
Other	331,089	264,740	171,154	364,801
<i>Total Revenues</i>	<u>16,581,805</u>	<u>10,155,773</u>	<u>3,880,836</u>	<u>5,848,426</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,804,000	0	0	0
Judicial	2,006,163	0	0	0
Public Safety	6,584,788	0	0	0
Public Works	187,867	9,334,018	0	0
Health	102,036	0	0	4,681,665
Human Services	715,356	0	3,713,273	0
Conservation and Recreation	392,827	0	0	0
Community and Economic Development	0	0	0	0
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	30,793	12,805	5,044	0
Interest and Fiscal Charges	5,517	0	98	0
<i>Total Expenditures</i>	<u>14,829,347</u>	<u>9,346,823</u>	<u>3,718,415</u>	<u>4,681,665</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,752,458</u>	<u>808,950</u>	<u>162,421</u>	<u>1,166,761</u>
Other Financing Sources (Uses):				
Inception of Capital Lease	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	(552,277)	(166,738)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(552,277)</u>	<u>(166,738)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,200,181	642,212	162,421	1,166,761
<i>Fund Balances at Beginning of Year</i>	<u>6,843,534</u>	<u>1,450,728</u>	<u>470,036</u>	<u>16,354,430</u>
<i>Fund Balances at End of Year</i>	<u><u>\$8,043,715</u></u>	<u><u>\$2,092,940</u></u>	<u><u>\$632,457</u></u>	<u><u>\$17,521,191</u></u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio

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

All Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$3,437,297
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$50,346	\$7,766,517	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
1,553,073	8,714,639	Capital Asset Additions	3,131,752
126,002	126,002	Depreciation	<u>(2,068,280)</u>
96,646	96,646		
1,056,239	4,434,673		
0	54,234		
229,166	307,719		
3,750,036	20,273,457		
5,030	344,310		
0	83,397		
693,902	1,825,686		
		Total	1,063,472
7,560,440	44,027,280	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(1,099)
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
		Property Taxes	387,046
		Payments in Lieu of Taxes	(3,740)
		Special Assessments	(11,000)
		Intergovernmental Revenue	293,069
		Interest Revenue	<u>32,208</u>
765,783	5,569,783		
417,925	2,424,088		
772,560	7,357,348		
499,608	10,021,493		
167,982	4,951,683		
2,775,278	7,203,907		
0	392,827		
64,498	64,498		
1,820,081	1,820,081	Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	656,218
607,576	656,218		
125,413	131,028	Other financing sources in the governmental funds that increase long- term liabilities in the statement of net position are not reported as revenues in the statement of activities:	
		Inception of Capital Leases	(2,971)
8,016,704	40,592,954		
(456,264)	3,434,326		
		In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	3,708
2,971	2,971		
719,015	719,015		
0	(719,015)		
		Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
721,986	2,971	Compensated Absences	(104,353)
265,722	3,437,297		
5,250,847	30,369,575	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred inflows.	1,743,525
\$5,516,569	\$33,806,872		
		Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	<u>(\$2,726,282)</u>
		<i>Changes in Net Position of Governmental Activities</i>	<u>\$4,767,098</u>

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$3,515,000	\$3,515,000	\$3,548,210	\$33,210
Sales Tax	7,300,000	7,300,000	7,070,091	(229,909)
Charges for Services	2,519,080	2,519,080	2,641,721	122,641
Licenses and Permits	53,600	53,600	54,234	634
Fines and Forfeitures	125,565	125,565	80,099	(45,466)
Intergovernmental	1,557,826	1,557,826	1,660,686	102,860
Interest	222,000	222,000	329,735	107,735
Rent	70,000	70,000	83,397	13,397
Other	122,500	122,500	282,416	159,916
<i>Total Revenues</i>	15,485,571	15,485,571	15,750,589	265,018
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	5,194,639	5,176,607	4,952,014	224,593
Judicial	1,898,920	1,892,328	1,770,201	122,127
Public Safety	6,195,315	6,442,721	6,421,250	21,471
Public Works	189,041	188,385	183,011	5,374
Health	129,148	128,700	98,874	29,826
Human Services	838,915	836,003	714,896	121,107
Conservation and Recreation	394,195	392,827	392,827	0
<i>Total Expenditures</i>	14,840,173	15,057,571	14,533,073	524,498
<i>Excess of Revenues Over Expenditures</i>	645,398	428,000	1,217,516	789,516
Other Financing Sources (Uses):				
Advances In	0	0	151,507	151,507
Advances Out	0	0	(60,962)	(60,962)
Transfers Out	(554,201)	(552,277)	(552,277)	0
<i>Total Other Financing Sources (Uses)</i>	(554,201)	(552,277)	(461,732)	90,545
<i>Net Change in Fund Balance</i>	91,197	(124,277)	755,784	880,061
<i>Fund Balance at Beginning of Year</i>	4,994,852	4,994,852	4,994,852	0
<i>Fund Balance at End of Year</i>	\$5,086,049	\$4,870,575	\$5,750,636	\$880,061

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto, License and Gas Tax Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$145,000	\$145,000	\$119,818	(\$25,182)
Fines and Forfeitures	30	30	238	208
Intergovernmental	4,645,000	8,568,684	8,772,045	203,361
Interest	7,500	7,500	7,259	(241)
Other	50,000	50,000	251,132	201,132
<i>Total Revenues</i>	<u>4,847,530</u>	<u>8,771,214</u>	<u>9,150,492</u>	<u>379,278</u>
Expenditures:				
<i>Current:</i>				
Public Works	4,861,670	8,985,995	8,819,820	166,175
<i>Debt Service:</i>				
Principal Retirements	6,928	12,805	12,805	0
<i>Total Expenditures</i>	<u>4,868,598</u>	<u>8,998,800</u>	<u>8,832,625</u>	<u>166,175</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(21,068)	(227,586)	317,867	545,453
Other Financing (Uses):				
Transfers Out	(90,351)	(167,000)	(166,738)	262
<i>Total Other Financing (Uses)</i>	<u>(90,351)</u>	<u>(167,000)</u>	<u>(166,738)</u>	<u>262</u>
<i>Net Change in Fund Balance</i>	(111,419)	(394,586)	151,129	545,715
<i>Fund Balance at Beginning of Year</i>	<u>725,448</u>	<u>725,448</u>	<u>725,448</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$614,029</u>	<u>\$330,862</u>	<u>\$876,577</u>	<u>\$545,715</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$3,764,673	\$3,764,673	\$3,486,871	(\$277,802)
Other	137,556	137,556	171,154	33,598
<i>Total Revenues</i>	<u>3,902,229</u>	<u>3,902,229</u>	<u>3,658,025</u>	<u>(244,204)</u>
Expenditures:				
<i>Current:</i>				
Human Services	3,902,229	4,044,281	3,755,403	288,878
<i>Total Expenditures</i>	<u>3,902,229</u>	<u>4,044,281</u>	<u>3,755,403</u>	<u>288,878</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(142,052)	(97,378)	44,674
<i>Fund Balance at Beginning of Year</i>	<u>283,608</u>	<u>283,608</u>	<u>283,608</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$283,608</u>	<u>\$141,556</u>	<u>\$186,230</u>	<u>\$44,674</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$4,358,000	\$4,358,000	\$4,167,961	(\$190,039)
Charges for Services	155,000	155,000	119,786	(35,214)
Intergovernmental	1,019,800	1,019,800	1,166,864	147,064
Other	91,500	91,500	364,801	273,301
<i>Total Revenues</i>	<u>5,624,300</u>	<u>5,624,300</u>	<u>5,819,412</u>	<u>195,112</u>
Expenditures:				
<i>Current:</i>				
Health	5,974,500	5,974,500	4,674,690	1,299,810
<i>Total Expenditures</i>	<u>5,974,500</u>	<u>5,974,500</u>	<u>4,674,690</u>	<u>1,299,810</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(350,200)	(350,200)	1,144,722	1,494,922
<i>Fund Balance Beginning of Year</i>	<u>16,437,344</u>	<u>16,437,344</u>	<u>16,437,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,087,144</u>	<u>\$16,087,144</u>	<u>\$17,582,066</u>	<u>\$1,494,922</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$229,750	\$23,281	\$253,031
Accounts Receivable	67,508	0	67,508
Intergovernmental Receivable	13,369	0	13,369
Prepaid Items	855	43	898
<i>Total Current Assets</i>	<u>311,482</u>	<u>23,324</u>	<u>334,806</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	13,964	0	13,964
Depreciable Capital Assets, Net	3,861,444	995,034	4,856,478
<i>Total Noncurrent Assets</i>	<u>3,875,408</u>	<u>995,034</u>	<u>4,870,442</u>
<i>Total Assets</i>	<u>4,186,890</u>	<u>1,018,358</u>	<u>5,205,248</u>
Deferred Outflows of Resources	47,518	0	47,518
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	0	780	780
Accrued Wages and Benefits	5,498	233	5,731
Intergovernmental Payable	0	4,120	4,120
Accrued Interest Payable	6,459	27	6,486
Interfund Payable	20,474	25,360	45,834
Notes Payable	0	6,401	6,401
OPWC Loans Payable	28,256	10,628	38,884
OWDA Loans Payable	145,889	0	145,889
<i>Total Current Liabilities</i>	<u>206,576</u>	<u>47,549</u>	<u>254,125</u>
<i>Long-Term Liabilities:</i>			
Notes Payable (net of current portion)	0	52,725	52,725
OPWC Loans Payable	350,513	79,710	430,223
OWDA Loans Payable	2,205,318	0	2,205,318
Net Pension Liability	120,935	0	120,935
<i>Total Long-Term Liabilities</i>	<u>2,676,766</u>	<u>132,435</u>	<u>2,809,201</u>
<i>Total Liabilities</i>	<u>2,883,342</u>	<u>179,984</u>	<u>3,063,326</u>
Deferred Inflows of Resources	2,332	0	2,332
Net Position:			
Net Investment in Capital Assets	1,145,432	845,570	1,991,002
Unrestricted	203,302	(7,196)	196,106
<i>Total Net Position</i>	<u>\$1,348,734</u>	<u>\$838,374</u>	<u>\$2,187,108</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Operating Revenues:			
Charges for Services	\$437,700	\$71,535	\$509,235
Other	4,085	0	4,085
<i>Total Operating Revenues</i>	<u>441,785</u>	<u>71,535</u>	<u>513,320</u>
Operating Expenses:			
Personal Services	91,966	4,632	96,598
Fringe Benefits	16,205	814	17,019
Contractual Services	81,836	42,004	123,840
Materials and Supplies	6,612	1,735	8,347
Depreciation	64,424	20,643	85,067
Other	0	10,685	10,685
<i>Total Operating Expenses</i>	<u>261,043</u>	<u>80,513</u>	<u>341,556</u>
<i>Operating Income (Loss)</i>	<u>180,742</u>	<u>(8,978)</u>	<u>171,764</u>
Nonoperating Revenues (Expenses):			
Interest	6,658	0	6,658
Interest and Fiscal Charges	(19,711)	(2,519)	(22,230)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(13,053)</u>	<u>(2,519)</u>	<u>(15,572)</u>
<i>Change in Net Position</i>	167,689	(11,497)	156,192
<i>Net Position at Beginning of Year</i>	<u>1,181,045</u>	<u>849,871</u>	<u>2,030,916</u>
<i>Net Position at End of Year</i>	<u>\$1,348,734</u>	<u>\$838,374</u>	<u>\$2,187,108</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$457,341	\$71,535	\$528,876
Cash Received from Other Revenues	4,085	0	4,085
Cash Payments to Employees for Services and Benefits	(110,986)	(5,581)	(116,567)
Cash Payments for Goods and Services	(6,374)	(1,735)	(8,109)
Cash Payments for Contract Services	(189,613)	(41,212)	(230,825)
Cash Payments for Other Expenses	0	(10,685)	(10,685)
<i>Net Cash from Operating Activities</i>	<u>154,453</u>	<u>12,322</u>	<u>166,775</u>
Cash Flows from Noncapital Financing Activities:			
Advances Out	(7,000)	(5,000)	(12,000)
<i>Net Cash from Noncapital Financing Activities</i>	<u>(7,000)</u>	<u>(5,000)</u>	<u>(12,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Notes and Loans	(173,745)	(16,771)	(190,516)
Interest Paid on Notes	(13,252)	(2,506)	(15,758)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(186,997)</u>	<u>(19,277)</u>	<u>(206,274)</u>
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(39,544)	(11,955)	(51,499)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>269,294</u>	<u>35,236</u>	<u>304,530</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$229,750</u>	<u>\$23,281</u>	<u>\$253,031</u>

See accompanying notes to the basic financial statements.

(Continued)

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating Income (Loss)	\$180,742	(\$8,978)	\$171,764
<i>Adjustments:</i>			
Depreciation	64,424	20,643	85,067
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	814	0	814
Intergovernmental Receivable	18,827	0	18,827
Prepaid Items	(855)	(43)	(898)
Deferred Outflows of Resources	(13,288)	0	(13,288)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	0	780	780
Accrued Wages and Benefits	(1,960)	(92)	(2,052)
Intergovernmental Payable	0	(104)	(104)
Interfund Payable	0	116	116
Net Pension Liability	(94,535)	0	(94,535)
Deferred Inflows of Resources	284	0	284
<i>Net Cash from Operating Activities</i>	<u>\$154,453</u>	<u>\$12,322</u>	<u>\$166,775</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,194	\$4,430,276
Cash and Cash Equivalents in Segregated Accounts	0	780,674
Accounts Receivable	0	24,269
Intergovernmental Receivable	0	3,988,817
Property Taxes Receivable	0	51,448,084
<i>Total Assets</i>	<u>1,194</u>	<u>\$60,672,120</u>
Liabilities:		
Accounts Payable	0	46
Accrued Wages and Benefits	0	41,978
Intergovernmental Payable	0	59,674,434
Compensated Absences Payable	0	12,065
Deposits Held and Due To Others	0	883,796
Undistributed Monies	0	59,801
<i>Total Liabilities</i>	<u>0</u>	<u>\$60,672,120</u>
Net Position:		
Held in Trust for Other Individuals and Organizations	<u>1,194</u>	
<i>Total Net Position</i>	<u>\$1,194</u>	

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
Statement of Changes in Fund Net Position
Fiduciary Fund
For the Year Ended December 31, 2016

	<u>Private Purpose Trust</u>
Additions	\$0
Deductions	
Miscellaneous	<u>0</u>
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	<u>1,194</u>
<i>Net Position at End of Year</i>	<u><u>\$1,194</u></u>

See accompanying notes to the basic financial statements.

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

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY

Pickaway County, Ohio (the County), was created in 1810. 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 County Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Probate Court Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Pickaway County, this includes the Pickaway County Board of Developmental Disabilities, Pickaway County Child Support Enforcement Agency, Pickaway County Job and Family Services, Pickaway County Veteran Services and departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt or levying of taxes.

Discretely Presented Component Unit

The component unit column in the basic financial statements identifies the financial data of the County's component unit, Pickaway County Airport Authority. The Authority is reported separately to emphasize that it is legally separate from the County.

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2016, the County made no financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

Pickaway County Land Reutilization Corporation

In November 2016, the County Commissioners approved the creation of the Pickaway County Land Reutilization Corporation. The County is still in the process of drafting the articles of incorporation for this entity. Therefore, the corporation had no activity in 2016.

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

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

The County is associated with certain organizations that are defined as jointly governed organizations or related organizations. These organizations are presented in Notes 20 and 21 to the basic financial statements. These organizations are:

- Berger Hospital
- Paint Valley Mental Health Alcohol and Drug Addiction Board
- Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
- County Risk Sharing Authority (CORSA)
- Southern Ohio Council of Governments
- Pickaway County Park District
- Pickaway County District Public Library

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts is presented as agency funds within the County's financial statements.

- Soil and Water Conservation District
- Pickaway County Health District
- Pickaway County Park District
- Ross, Pickaway, Highland, Fayette Joint Solid Waste District

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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 and component units, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

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

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

General Fund - This 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.

Auto, License and Gas Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants, charges for services and license fees.

Job and Family Services Fund - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Board of Developmental Disabilities Fund - This fund accounts for the operation of a school, workshop and resident homes for the developmentally disabled. Revenue sources include a County-wide property tax levy and Federal and State grants.

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

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

Other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose, and funding sources used for debt service and capital projects.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The County has no internal service fund.

Countywide Sewer Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Countywide Sewer Fund accounts for sewer services provided to individual users in several subdivisions of the County.

The Countywide Water Fund accounts for water services provided to individual users in subdivisions of the County. The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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 therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are a private-purpose trust fund and agency funds. The County's private-purpose trust fund is established to account for assets that are used by the Juvenile Court for the benefit of the children of the County. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the County are included on the Statement of Net Position.

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

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

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

Like the government-wide statements, all proprietary fund types are accounted for on 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 Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 12). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), and grants.

Deferred Outflows and Deferred Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide Statement of Net Position and include pension expense. A deferral for pension results from changes in Net Pension Liability not recognized as a component of current year pension expense. This amount is deferred and amortized over various periods as instructed by the pension plan administrators. Deferred outflows of resources related to pensions are explained further in Note 16.

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

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

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. The County reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the County these amounts consist of intergovernmental receivables, delinquent property taxes receivable which are not collected in the available period and pension. Property taxes for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance fiscal year 2017 operations, have been recorded as deferred inflows of resources. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes receivable and grants and entitlements not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Additionally, deferred inflows related to pensions are reported in the government-wide Statement of Net Position. Deferred inflows related to pensions result from changes in Net Pension Liability not recognized as a component of current year pension expense. Deferred inflows of resources related to pension are explained further in Note 16.

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

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

E. Budgetary Process

All funds, except Jail Commissary (non-major special revenue), Law Enforcement - Prosecutor (non-major special revenue) and fiduciary funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The level of control has been established by County Commissioners at the object level within each department. Advances between funds are not required to be budgeted.

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 when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2016. The County does not include advances between funds in the certificate of estimated resources.

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 appropriation 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.

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

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

F. Cash, Cash Equivalents, and Investments

To improve cash management, cash and investments received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

Cash and cash equivalents that are held separately with the departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

During 2016, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, commercial paper, and other interest bearing accounts with local commercial banks.

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 (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures their 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 an NAV per share that approximates fair value.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2016 amounted to \$328,507 which includes \$264,199 assigned from other County funds.

G. Inventory

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

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

H. Prepaid Items

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

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the fund.

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads, bridges, culverts and sanitary sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40-150 years	N/A
Improvements Other Than Buildings	40-150 years	N/A
Machinery and Equipment	3-25 years	N/A
Furniture and Fixtures	10-30 years	N/A
Vehicles	3-15 years	N/A
Plant and Facilities	N/A	40-150 years
Infrastructure	10-60 years	70 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2016, there were \$45,834 internal balances reported on the Statement of Net Position.

K. Compensated Absences

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

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable", none were reported for December 31, 2016, in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In enterprise funds, the entire amount of compensated absences is reported as a fund liability, none were reported as of December 31, 2016.

L. Pensions

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

M. Accrued Liabilities and Long-term Obligations

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

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

N. Fund Balance Reserves

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

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

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

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

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

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

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

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

O. Net Position

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and charges for background checks. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. 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 statements are reported in the same manner as general revenues.

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

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. During 2016, the County reported neither type of transaction.

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 - BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund and major special revenue funds on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Funds added to the General to comply with GASB 54.

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund and major special revenue funds:

Net Change in Fund Balances (Deficits)/Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	\$1,200,181	\$642,212	\$162,421	\$1,166,761
Adjustments:				
Net Adjustment for Revenue Accruals	(236,651)	(1,005,281)	(222,811)	(29,014)
Net Adjustment for Expenditure Accruals	(124,449)	514,198	(36,988)	6,975
Net Adjustment for Other Sources (Uses)	90,545	0	0	0
Perspective Difference:				
Activity of Funds Reclassified For GAAP Reporting Purposes	(173,842)	0	0	0
Budget Basis	\$755,784	\$151,129	(\$97,378)	\$1,144,722

NOTE 4 – NEW GASB PRONOUNCEMENTS

For fiscal year 2016, the County implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 38”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Government,” GASB Statement No. 77, “Tax Abatement Disclosures,” and GASB Statement No. 78, “Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants.” The implementation of GASB Statements Nos. 72, 73, 76, 77, 78 and 79 had no effect on the prior period fund balances of the County.

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS

Monies held in the County Treasury are pooled for the purpose of investment management. The County is authorized to invest in those instruments identified in section 135.35 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero-coupon security that is a direct obligation of the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

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

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provide that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days.
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County.
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAROhio).
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

Investments in stripped principal or interest obligations, except for federally issued or federally guaranteed stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2016, the County complied with the provisions of these statutes.

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
-Pooled	\$34,540,527
-Segregated	1,000,369
-Component Unit	234,734
Reconciling items (net) to arrive at bank balances	<u>1,546,668</u>
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	<u><u>\$37,322,298</u></u>

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures." Additional disclosures for the component units are presented below in Note 5.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

As of December 31, 2016, the carrying amount of all County deposits was \$8,097,834. Based on the criteria described in GASB Statement No. 40, \$8,152,895 of the County's bank balance of \$9,644,502 was exposed to custodial risk as discussed above while \$1,491,607 was covered by FDIC. The \$8,152,895 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

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

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk - The County's policy requires that deposits follow the Ohio Revised Code.

Investments

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

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-5 Years
U.S. Government Securities	\$19,760,000	\$4,250,000	\$5,500,000	\$10,010,000
Commercial Paper	1,495,250	1,495,250	0	0
STAROhio	6,508,455	6,508,455	0	0
Total Investments	<u>\$27,763,705</u>	<u>\$12,253,705</u>	<u>\$5,500,000</u>	<u>\$10,010,000</u>

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits its investments to those authorized by State statute. Standard and Poor's has assigned a rating of "AAAm" to STAROhio and "AA+" to U.S. Government Securities.

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The County's investments in U.S. Government Securities and the STAROhio account were 76.5% and 23.5%, respectively, of the County's total investments.

For fiscal year 2016, Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," was effective. These GASB pronouncements had no effect on beginning net position. Accordingly, the County has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of June 30, 2016.

All of the County's investments are valued using pricing sources as provided by the investments managers (Level 2 inputs)

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

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Component Unit

Deposits and Investments

Cash and cash equivalents held by Pickaway County Airport Authority are classified as “cash and cash equivalents.”

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$234,734 and the bank balance was \$234,734. The \$234,734 bank balance was covered by federal depository insurance.

NOTE 6 - INTERFUND TRANSACTIONS

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

	Interfund Receivables	Interfund Payables
General	\$124,033	\$7,999
Auto, License and Gas Tax	5,408	0
Job and Family Services	80,640	0
Countywide Sewer	0	20,474
Nonmajor Special Revenue Funds	2,591	158,839
Nonmajor Enterprise Funds	0	25,360
Totals	\$212,672	\$212,672

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

A summary of interfund transfers for 2016 were as follows:

	Transfers In	Transfers Out
General	\$0	\$552,277
Auto, License and Gas Tax	0	166,738
Nonmajor Other Governmental Funds	719,015	0
Totals	\$719,015	\$719,015

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

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2016 consisted of property taxes, loans receivable, payment in lieu of taxes receivable, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$399,041
State Property Tax Reimbursements	182,401
Total General Fund	581,442
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	1,540,661
Gasoline Tax	1,108,262
Total Auto, License and Gas Tax Fund	2,648,923
<i>Job and Family Services Fund:</i>	
State and Federal Funding	416,044
<i>Board of Developmental Disabilities Fund:</i>	
State Property Tax Reimbursements	214,167
Grants	94,593
Total Board of Developmental Disabilities Fund	308,760
<i>Non Major Special Revenue Funds:</i>	
Motor Vehicle Permissive Tax	214,053
Road and Bridge	2,349
Child Support Enforcement Agency	327,757
Probate	23
Probate Computer	505
Special Marriage License	30
Juvenile Computer	477
Youth Services Subsidy Grant	134,792
VOCA Grant	44,469
Crime Victims Assistance	103,267
Planning Grant Community Corrections	5,292
Immobilization and Impoundment	140
Emergency Management	19,113
HUD Grants	148,000
Law Library	8,089
COPS Grant	43,101
Workforce Development	36,687
SPL Grant	7,996
Community Correction Grant	122,910
Roundtown Trail Project	85,613
Total Non Major Special Revenue Funds	1,304,663
<i>Non Major Capital Projects Fund:</i>	
Capital Improvement	6,046
Total Intergovernmental Receivable	\$5,265,878

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

NOTE 8- CAPITAL ASSETS

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

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$731,102	\$32,230	\$0	\$763,332
Total Nondepreciable Capital Assets	731,102	32,230	0	763,332
<i>Depreciable Capital Assets:</i>				
Buildings	20,944,838	223,115	0	21,167,953
Improvements Other Than Buildings	1,633,982	579,629	0	2,213,611
Machinery and Equipment	7,279,447	598,512	(81,522)	7,796,437
Furniture and Fixtures	967,357	33,590	0	1,000,947
Vehicles	3,485,773	441,191	(269,453)	3,657,511
Infrastructure	41,930,585	1,223,485	(124,928)	43,029,142
Total Depreciable Capital Assets	76,241,982	3,099,522	(475,903)	78,865,601
<i>Accumulated Depreciation:</i>				
Buildings	(4,008,105)	(147,230)	0	(4,155,335)
Improvements Other Than Buildings	(740,997)	(124,257)	0	(865,254)
Machinery and Equipment	(5,577,660)	(309,136)	81,522	(5,805,274)
Furniture and Fixtures	(758,823)	(31,650)	0	(790,473)
Vehicles	(2,787,729)	(180,356)	268,354	(2,699,731)
Infrastructure	(21,094,820)	(1,275,651)	124,928	(22,245,543)
Total Accumulated Depreciation	(34,968,134)	(2,068,280)	474,804	(36,561,610)
Total Depreciable Capital Assets, Net	41,273,848	1,031,242	(1,099)	42,303,991
Governmental Activities Capital Assets, Net	\$42,004,950	\$1,063,472	(\$1,099)	\$43,067,323

At December 31, 2016, capital assets include \$197,268 of machinery and equipment under capitalized leases.

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

NOTE 8- CAPITAL ASSETS (Continued)

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	Amount
<i>General Government:</i>	
Legislative and Executive	\$241,622
Judicial	21,906
Public Safety	237,898
Public Works	1,454,430
Health	35,408
Human Services	73,435
Conservation and Recreation	3,581
Governmental Activities Depreciation Expense	\$2,068,280

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Total Nondepreciable Capital Assets	13,964	0	0	13,964
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	801,966	0	0	801,966
Infrastructure	5,359,658	0	0	5,359,658
Total Depreciable Capital Assets	6,161,624	0	0	6,161,624
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(521,216)	(8,500)	0	(529,716)
Infrastructure	(698,863)	(76,567)	0	(775,430)
Total Accumulated Depreciation	(1,220,079)	(85,067)	0	(1,305,146)
Total Depreciable Capital Assets, Net	4,941,545	(85,067)	0	4,856,478
Business-Type Activities Capital Assets, Net	\$4,955,509	(\$85,067)	\$0	\$4,870,442

The business-type activities of the County are the sewer operations and water operations at various subdivisions throughout the County.

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

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Outstanding at 01/01/16	Additions	Deletions	Outstanding at 12/31/16	Amount Due In One Year
<i>Governmental Activities:</i>					
<i>General Obligation Notes Payable:</i>					
TIF Note - Crites Rd/Progress Parkway 2012-2017 1.50%	\$400,000	\$0	\$200,000	200,000	\$200,000
Engineer's Note - Hydraulic Excavator 2013-2017 3.00%	67,945	0	33,871	34,074	34,074
Engineer's Note - Dump Trucks 2014-2018 2.70%	373,311	0	121,119	252,192	124,416
<i>General Obligation bonds Payable:</i>					
Energy Saving Renovation Bonds 2010-2025 3.920%	2,095,615	0	195,000	1,900,615	200,000
OPWC Loan 2009 - 2029 0%	179,262	0	12,805	166,457	12,804
Clark's Run Ditch Loan 2012 - 2017 2.50%	71,873	0	36,192	35,681	35,681
Pence Tile Ditch Improvement Loan 2012 - 2017 2.50%	12,689	0	6,357	6,332	6,332
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999 - 2019 6.00%	47,000	0	11,000	36,000	11,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,304,089	971,420	867,067	1,408,442	921,647
Capital Leases	123,972	2,971	39,874	87,069	38,103
<i>Net Pension Liability:</i>					
OPERS	12,753,560	5,839,914	0	18,593,474	0
STRS	209,710	21,160	0	230,870	0
Total Net Pension Liability	<u>12,963,270</u>	<u>5,861,074</u>	<u>0</u>	<u>18,824,344</u>	<u>0</u>
Governmental Activities Long-Term Obligations	<u>\$17,639,026</u>	<u>\$6,835,465</u>	<u>\$1,523,285</u>	<u>\$22,951,206</u>	<u>\$1,584,057</u>

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

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

Business - Type Activities:

General Obligation Notes Payable:

Orient Water Tower					
2014-2024 4.00%	\$65,269	\$0	\$6,143	\$59,126	\$6,401
Net Pension Liability:					
OPERS	215,470	0	94,535	120,935	0
Business-Type Activities Long-Term Obligations	\$280,739	\$0	\$100,678	\$180,061	\$6,401

The 2012 Tax Increment Financing (TIF) Note was issued for \$1,000,000 with a 1.50% interest rate. This note was issued to construct the extension of Crites Road and create a new road called Progress Parkway. This note will be repaid through Tax Increment Financing Debt Service Fund.

The Engineer's Note Hydraulic Excavator was issued in 2013 for \$132,000 with a 3.00% interest rate. This note was issued for the purchase of a Hydraulic Excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The Engineer's Note Dump Trucks was issued in 2014 for \$497,834 with a 2.70% interest rate. This note was issued for the purchase of three Dump Trucks with snow plows. This note will be paid by the Engineer's Note Debt Service Fund.

The Energy Saving Renovation Bonds were issued in 2010 for \$2,995,615 with a 3.920% interest rate. These bonds are issued for renovations of all County buildings for energy savings. These bonds will be repaid through the Energy Savings Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan is related to the Cromley Road Bridge Replacement Project. The loan will be paid in bi-annual installments of \$6,402, over 20 years. The debt is to be repaid from the Auto, License and Gas Tax Fund. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2010 for \$256,088.

The Clark's Run Ditch Loan was issued in 2012 for \$176,226 with a 2.50% interest rate. This note was issued for the Clark's Run Ditch Project. This note will be paid by the Clark's Run Ditch Debt Service Fund.

The Pence Tile Ditch Improvement Project was issued in 2012 for \$30,984 with a 2.50% interest rate. This note was issued for the Pence Tile Ditch Improvement Project. This note will be paid by the Pence Tile Ditch Debt Service Fund.

The Northwood Park Sanitary Sewer Improvement Bonds were issued in 1999 for \$157,160 with a 6.00% interest rate. The Northwood Park Sanitary Sewer Improvement Bonds were issued to finance improvements to the sewer system for the Northwood Park subdivision. These bonds will be repaid through the collection of special assessments on the benefitting property owners in the debt service funds. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The Orient Water Tower note was issued in 2014 for \$74,984 with a 4.00% interest rate. This note was issued to repair the water tower near the Village of Orient. This note will be repaid from the Orient Water Enterprise Fund.

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

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2016 amounted to \$39,874.

The following is a summary of the County's future principal and interest requirements for governmental long-term obligations, including \$526,982 of interest:

For the Year Ended December 31	Engineer's Note Hydraulic Excavator	Engineer's Note Dump Trucks	TIF - Crites Rd/ Progress Parkway	Clarks Run Ditch Loan	Pence Tile Ditch Improvement Loan
2017	\$35,513	\$131,226	\$202,250	\$37,647	\$6,630
2018	0	131,225	0	0	0
Totals	<u>\$35,513</u>	<u>\$262,451</u>	<u>\$202,250</u>	<u>\$37,647</u>	<u>\$6,630</u>

For the Year Ended December 31	Energy Saving Renovation Bonds	OPWC Loan	Northwood Park Sanitary Sewer Improvement Bonds	Totals
2017	\$295,473	\$12,804	\$13,160	\$734,703
2018	290,441	12,805	13,500	447,971
2019	284,683	12,804	13,780	311,267
2020	276,777	12,805	0	289,582
2021	267,712	12,804	0	280,516
2022-2026	991,859	64,023	0	1,055,882
2027-2030	0	38,412	0	38,412
Totals	<u>\$2,406,945</u>	<u>\$166,457</u>	<u>\$40,440</u>	<u>\$3,158,333</u>

The following is a summary of the County's future principal and interest requirements for business-type long-term obligations, including \$10,066 of interest:

For the Year Ended December 31,	Orient Water Tower
2017	\$8,649
2018	8,649
2019	8,649
2020	8,649
2021	8,649
2022-2025	25,947
Totals	<u>\$69,192</u>

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

In April 2008, Pickaway County signed a guarantee for a \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P³, the area's community improvement corporation. However in the event that P³ would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is for fifteen years with a balance of \$412,571 existing at December 31, 2016. Interest accrues at a rate of 3% plus a service fee of 0.25%.

NOTE 10 - LOANS PAYABLE

The County's loan transactions for the year ending December 31, 2016, were as follows:

Purpose	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016	Amount Due Within One Year
Business-Type Activities:					
<i>OPWC Loans</i>					
Darby Twp, Sewer Improvement, 0%	\$180,000	\$0	\$20,000	\$160,000	\$20,000
Derby Area Sanitary Sewer, 0%	227,025	0	8,256	218,769	8,256
Orient Water Improvement, 0%	100,966	0	10,628	90,338	10,628
<i>OWDA Loans Payable</i>					
Darby Twp, Sewer Improvement, 0%	1,161,450	0	105,587	1,055,863	105,586
Derby Area Sanitary Sewer, 1%	1,335,246	0	39,902	1,295,344	40,303
Business-Type Activities Capital Assets, Net	<u>\$3,004,687</u>	<u>\$0</u>	<u>\$184,373</u>	<u>\$2,820,314</u>	<u>\$184,773</u>

The first Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in bi-annual installments of \$10,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$400,000.

The second Ohio Public Works Commission (OPWC) Loan is related to the Derby Area Sanitary Sewer Project. The OPWC has granted a loan in the amount of \$400,000 for this project. The loan is to be repaid in bi-annual installments of \$4,128 effective January 1, 2014 over 30 years with the final installment payable on July 1, 2043. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The third Ohio Public Works Commission (OPWC) Loan is related to the County takeover of the Village of Orient water in 2014. The loan will be paid in bi-annual installments of \$5,314, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2006 to the Village of Orient for \$212,560.

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

NOTE 10 - LOANS PAYABLE

The first Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semi-annual installments of \$52,793 effective July 1, 2007, over 20 years for the original loan amount with the final installment payable on January 1, 2027. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The second Ohio Water Development Authority (OWDA) Loan is related to the Derby Area Sanitary Sewer. The OWDA has granted a loan in the amount of \$1,352,366 for this project. The loan will be repaid in semi-annual installments of \$26,578 effective July 01, 2016, over 30 years for the original loan amount with the final installment payable on January 1, 2045. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The effects of the debt limitations at December 31, 2016, were an overall legal debt margin of \$30,506,021 and an unvoted legal debt margin of \$13,854,949.

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. New leases are, in substance, capital purchases and are recorded as current expenditures and proceeds from capital leases on the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2016.

For the Year Ended December 31,	Capital Lease Obligations
2017	\$42,455
2018	40,928
2019	8,823
2020	1,501
2021	235
Total Minimum Lease Payments	93,942
Less: Amount Representing Interest	6,873
Present Value of Minimum Lease Payments	\$87,069

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

NOTE 12 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2011. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 18.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property currently is assessed at varying percentage of true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represents delinquent taxes outstanding and real and public utility taxes that were measurable and unpaid as of December 31, 2016. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2016 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2016, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$360,208,970
Residential	726,651,860
Commercial	94,783,960
Industrial	24,424,930
Minerals	859,290
Public Utilities	19,417,540
<i>Personal Property:</i>	
Public Utilities	159,148,320
Total Assessed Values	\$1,385,494,870

NOTE 13 – TAX ABATEMENTS

For the year ended December 31, 2016, the County implemented GASB Statement No. 77, Tax Abatement Disclosures. A tax abatement is defined as a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or the citizens of the County. The County has entered into such agreements. A description of the County's abatement programs where the County has promised to forego taxes follows:

Community Reinvestment Area (CRA) Program

The Ohio Community Reinvestment Area program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas (CRA) are areas of land in which property owners can receive tax incentives for investing in real property improvements. In order to use the Community Reinvestment program, a city, village, or county petitions to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once the area is confirmed by the Directory of ODSA, communities may offer real property tax exemptions to taxpayers that invest in that area.

The County determines the type of development to support by specifying the eligibility of residential, commercial and/or industrial projects. The County negotiates property tax exemptions on new property tax from investment for up to one hundred percent (100%) for up to fifteen years based on the amount of investments made to renovate or construct buildings within a CRA. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. For commercial projects, job retention and/or creation is also required. Agreements must be in place before the project begins. Provisions for recapturing property tax exemptions, which can be used at the discretion of the County, are pursuant to ORC Section 9.66(C)(1) and 9.66(C)(2).

Enterprise Zone Program

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone. Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

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

NOTE 13 – TAX ABATEMENTS - (Continued)

There are 3 Enterprise Zones in the County. Business located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent (75%) for 10 years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than 75 percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the County may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

A summary of the taxes foregone on the County’s abatement programs for the year ended December 31, 2016 as follows:

Program	Tax Abated	Amount
Community Reinvestment Areas	Property Tax	\$198,034
Enterprise Zone Agreements	Property Tax	47,534

NOTE 14 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. 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. A warrant payable to the County is then drawn within five days. Proceeds of the tax were credited to the General Fund and Capital Project Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2016 amounted to \$8,714,639 in the statement of activities.

NOTE 15 - RISK MANAGEMENT

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

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

NOTE 15 - RISK MANAGEMENT - (Continued)

Coverage's provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$83,436,872
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Liability:

General Liability	\$1,000,000
Excess Liability	5,000,000
Law Enforcement	1,000,000
Automobile	1,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	1,000,000
Boiler and Machinery (each accident)	100,000,000

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2016, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

The County purchases health, dental and vision insurances through the Franklin County Cooperative Health Benefits Program (FCCHBP). Insurance purchased through the FCCHBP is not considered limited risk health insurance. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS

Net Pension Liability

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS - (Continued)

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

A. Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, who are not certified teachers with the school for developmental disabilities, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS - (Continued)

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% 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 3.0%.

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS - (Continued)

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

	State and Local	Law Enforcement
2016 Statutory Maximum Contribution Rates		
Employer	14.0%	18.1%
Employee	10.0%	**
 2016 Actual Contribution Rates		
Employer:		
Pension	12.0%	16.1%
Post-employment Health Care Benefits	2.0%	2.0%
Total Employer	14.0%	18.1%
Employee	10.0%	13.0%

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

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2.0% greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required pension contributions to OPERS were \$1,749,333 for 2016. Of this amount, \$92,696 is reported as an intergovernmental payable.

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

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

	OPERS
Proportionate Share of the Net Pension Liability	\$18,714,410
Proportion of the Net Pension Liability	0.108043%
Pension Expense	\$2,762,549

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$5,497,725
Changes in proportion and differences between County contributions and proportionate share of contributions	114,326
County contributions subsequent to the measurement date	1,749,333
Total Deferred Outflows of Resources	\$7,361,384
Deferred Inflows of Resources	
Differences between expected and actual experience	\$360,854

\$1,749,333 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2017	\$1,231,263
2018	1,318,692
2019	1,427,814
2020	1,273,428
Total	\$5,251,197

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.75%
Future Salary Increases, including inflation	4.25% to 10.05% including wage inflation
COLA or Ad Hoc COLA	3.00%, simple
Investment Rate of Return	8.00%
Actuarial Cost Method	Individual Entry Age

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100% 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% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

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

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

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

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other investments	18.00%	4.59%
Total	100.00%	5.27%

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7%) or one-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability	\$29,816,627	\$18,714,410	\$9,350,041

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County's net position liability is expected to be significant.

B. State Teachers Retirement System (STRS)

Plan Description – County licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at <http://www.strsoh.org>.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5% of the 14.0% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14.0% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan member contributions to the DC Plan are allocated among investment choices by the member, and contributions from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14.0% on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13.0% of their annual covered salary. The County was required to contribute 14.0%; the entire 14.0% was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The County's contractually required pension contributions to STRS were \$10,760 for 2016. All of this amount has been contributed as of the end of the year.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>STRS</u>
Proportionate Share of the Net Pension Liability	\$230,870
Proportion of the Net Pension Liability	0.00068972%
Pension Expense	\$11,192

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

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

	STRS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$9,943
Net difference between projected and actual investment earnings	20,397
Changes in proportion and differences	
Difference between County contributions and proportionate share of contributions	13,309
County contributions subsequent to the measurement date	5,444
Total Deferred Outflows of Resources	\$49,093
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$11,375

\$5,444 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS
Fiscal Year Ending June 30:	
2017	\$4,615
2018	4,613
2018	11,969
2020	11,077
Total	\$32,274

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	12.25% at age 70 to 2.75% at age 20
Investment Rate of Return	7.75%, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2.00% simple applied as follows: for members retiring before August 1, 2013, 2.00% per year; for members retiring August 1, 2013, or later, 2.00% COLA paid on fifth anniversary of retirement date.

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set-back four years, one year set-back from age 80 through 89, and not set-back from age 90 and above.

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00%	8.00%
International Equity	26.00%	7.85%
Alternatives	14.00%	8.00%
Fixed Income	18.00%	3.75%
Real Estate	10.00%	6.75%
Liquidity Reserves	1.00%	3.00%
Total	100.00%	7.61%

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75%) or one-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$306,808	\$230,870	\$166,812

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

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

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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 OPERS Board in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0% of earnable salary, and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

NOTE 17 - POSTEMPLOYMENT BENEFITS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The County's contractually required postemployment health care contributions to OPERS for the years 2016, 2015, and 2014 were \$282,037, \$271,353 and \$132,014, respectively. Of these amounts, \$14,870, \$14,608 and \$3,721 were reported as an intergovernmental payable in years 2016, 2015 and 2014, respectively.

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. 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.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting the STRS Ohio web site at www.strsoh.org, or by requesting a copy by calling (888) 227-7877.

Funding Policy – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 0% of covered payroll was allocated to postemployment health care for the years ended June 30, 2016, and 2015. For the year ended June 30, 2014, 1% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contractually required postemployment health care contributions to STRS Ohio for the years 2016, 2015 and 2014 were \$0, \$0 and \$757, respectively; 100% has been contributed for each of the three years.

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

NOTE 18 – FUND CASH BALANCES

As of December 31, 2016 fund balances are composed of the following:

	<u>General</u>	<u>Auto License & Gas Tax</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilites</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>						
Prepaid Items	\$127,133	\$13,002	\$55,961	\$42,980	\$13,322	\$252,398
Loan Receivable	0	0	0	0	428,790	428,790
Materials & Supplies	56,160	321,407	3,405	0	0	380,972
Unclaimed Monies	79,421	0	0	0	0	79,421
Total Nonspendable	<u>262,714</u>	<u>334,409</u>	<u>59,366</u>	<u>42,980</u>	<u>442,112</u>	<u>1,141,581</u>
<i>Restricted:</i>						
Legislative & Executive	0	0	0	0	611,235	611,235
Judicial	0	0	0	0	407,381	407,381
Public Safety	0	0	0	0	913,980	913,980
Pubilc Works	0	1,758,531	0	0	780,327	2,538,858
Health	0	0	0	17,478,211	35,201	17,513,412
Human Services	0	0	573,091	0	1,515,408	2,088,499
Economic Development	0	0	0	0	22,077	22,077
Debt Service	0	0	0	0	60,678	60,678
Total Restricted	<u>0</u>	<u>1,758,531</u>	<u>573,091</u>	<u>17,478,211</u>	<u>4,346,287</u>	<u>24,156,120</u>
<i>Committed:</i>						
Special Children Services	0	0	0	0	175,466	175,466
Tax Lien Sales	0	0	0	0	44,721	44,721
Capital Projects	0	0	0	0	493,047	493,047
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>713,234</u>	<u>713,234</u>
<i>Assigned:</i>						
Clark's Run Upper Term Ditch	0	0	0	0	1,122	1,122
Greenbriar Ditch	0	0	0	0	13,573	13,573
Pence Title Main Ditch	0	0	0	0	272	272
Total Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,967</u>	<u>14,967</u>
<i>Unassigned</i>	<u>7,781,001</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(31)</u>	<u>7,780,970</u>
Total Fund Balances	<u><u>\$8,043,715</u></u>	<u><u>\$2,092,940</u></u>	<u><u>\$632,457</u></u>	<u><u>\$17,521,191</u></u>	<u><u>\$5,516,569</u></u>	<u><u>\$33,806,872</u></u>

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

NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT

A. Measurement Focus and Basis of Accounting

Pickaway County Airport Authority uses fund accounting to report on their operations and uses the accrual basis of accounting.

B. Budgetary Basis of Accounting

Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

C. Capital Assets

Property and equipment for the component unit is stated at historical cost and is updated for the costs of additions and retirements during the year. Donated fixed assets have been recorded at the fair market value at the date of the gift.

The assets for Pickaway County Airport are depreciated on a straight line basis using the following estimated useful lives:

<u>Category</u>	<u>Pickaway County Airport</u>
Buildings and Improvements	30-40 years
Infrastructure	10-60 years

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

NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT

(Continued)

A summary of changes in capital assets for the Pickaway County Airport during 2016 were as follows:

	Balance at January 1, 2016	Additions	Deletions	Balance at December 31, 2016
<i>Nondepreciable Capital Assets:</i>				
Land	\$218,036	\$0	\$0	\$218,036
Total Nondepreciable Capital Assets	218,036	0	0	218,036
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	1,041,748	0	0	1,041,748
Infrastructure	997,242	0	0	997,242
Total Depreciable Capital Assets	2,038,990	0	0	2,038,990
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(415,081)	(33,159)	0	(448,240)
Infrastructure	(114,859)	(11,189)	0	(126,048)
Total Accumulated Depreciation	(529,940)	(44,348)	0	(574,288)
Depreciable Capital Assets, Net	1,509,050	(44,348)	0	1,464,702
Capital Assets, Net	\$1,727,086	(\$44,348)	\$0	\$1,682,738

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Berger Hospital

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2016, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

B. Paint Valley Mental Health Alcohol and Drug Addiction Board

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2016, Pickaway County did not make any contributions to the program.

C. Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District

The County is a member of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Pickaway County Auditor and Treasurer, and the Pickaway County Commissioners budget and finance the District with board approval. A twenty-nine member policy committee, comprised of seven members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a twenty-three member Technical Advisory Council (members appointed by the policy committee). The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

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

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

D. County Risk Sharing Authority (CORSA)

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2016 was \$210,134.

E. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2016, the County contributed \$32,258 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

NOTE 21 - RELATED ORGANIZATIONS

A. Pickaway County Park District

The County's probate judge is responsible for appointing the members of the board of the Pickaway County Park District. The County is the fiscal agent for the Park District; therefore, the activities of the Park District are reflected as an agency fund of the County.

B. Pickaway County District Public Library

The Pickaway County District Public Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the District Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members. No subsidies are provided by the County.

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

NOTE 22 - CONTINGENT LIABILITIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

One claim and lawsuit is pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

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

	2015	2014	2013
County's Proportion of the Net Pension Liability	0.10804300%	0.10739200%	0.10739200%
County's Proportionate Share of the Net Pension Liability	\$18,714,410	\$12,969,030	\$12,660,118
County Covered-Employee Payroll	\$14,101,828	\$13,288,580	\$12,854,975
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	132.71%	97.60%	98.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

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

	2016	2015	2014	2013
County's Proportion of the Net Pension Liability	0.00068972%	0.00075880%	0.00070252%	0.00070252%
County's Proportionate Share of the Net Pension Liability	\$230,869	\$209,710	\$170,877	\$119,352
County Covered-Employee Payroll	\$76,857	\$77,107	\$75,679	\$75,943
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	300.39%	271.97%	225.79%	157.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2013 is not available.

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

Pickaway County, Ohio
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i><u>OPERS - Law Enforcement</u></i>				
Contractually Required Contribution	\$224,277	\$219,059	\$208,393	\$223,074
Contributions in Relation to the Contractually Required Contribution	<u>(224,277)</u>	<u>(219,059)</u>	<u>(208,393)</u>	<u>(223,074)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$1,393,028	\$1,360,613	\$1,302,459	\$1,304,525
Contributions as a Percentage of Covered-Employee Payroll	16.10%	16.10%	16.10%	17.10%
<i><u>OPERS - All Others</u></i>				
Contractually Required Contribution	\$1,525,056	\$1,464,845	\$1,431,447	\$1,501,559
Contributions in Relation to the Contractually Required Contribution	<u>(1,525,056)</u>	<u>(1,464,845)</u>	<u>(1,431,447)</u>	<u>(1,501,559)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$12,708,800	\$12,207,043	\$11,928,725	\$11,550,450
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$161,711	\$229,444	\$214,776	\$215,466	\$197,437	\$180,736
<u>(161,711)</u>	<u>(229,444)</u>	<u>(214,776)</u>	<u>(215,466)</u>	<u>(197,437)</u>	<u>(180,736)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$945,680	\$1,341,779	\$1,256,000	\$1,277,215	\$1,203,884	\$1,117,724
17.10%	17.10%	17.10%	16.87%	16.40%	16.17%
\$1,555,120	\$1,504,390	\$1,668,958	\$1,665,547	\$1,798,554	\$1,683,450
<u>(1,555,120)</u>	<u>(1,504,390)</u>	<u>(1,668,958)</u>	<u>(1,665,547)</u>	<u>(1,798,554)</u>	<u>(1,683,450)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$11,962,464	\$11,572,229	\$12,838,136	\$12,811,900	\$13,835,029	\$12,949,614
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$10,760	\$10,795	\$9,838	\$9,873
Contributions in Relation to the Contractually Required Contribution	<u>(10,760)</u>	<u>(10,795)</u>	<u>(9,838)</u>	<u>(9,873)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$76,857	\$77,107	\$75,679	\$75,943
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

Note: During 2011, the County reduced the number of teachers that were employed by the Department of Developmental Disabilities.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$10,403	\$7,407	\$26,157	\$26,157	\$24,881	\$21,466
<u>(10,403)</u>	<u>(7,407)</u>	<u>(26,157)</u>	<u>(26,157)</u>	<u>(24,881)</u>	<u>(21,466)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$80,021	\$56,979	\$201,207	\$201,207	\$191,393	\$165,121
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

Federal Grantor / Pass through Grantor Program/Cluster Title	Pass-Through Entity Number	Federal CFDA Number	Passed through to Subrecipients Subrecipients	Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
National School Breakfast Program	n/a	10.553	\$ -	\$ 2,376
National School Lunch Program	n/a	10.555	-	3,757
Total - Child Nutrition Cluster			-	6,133
<i>Passed through Ohio Department of Job and Family Services:</i>				
<i>Food and Nutrition Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	G-1617-11-5566	10.561	-	219,344
Total U.S. Department of Agriculture			-	225,477
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Ohio Department of Development:</i>				
Community Development Block Grant	B-F-15-1CH-1	14.228	-	137,500
Community Development Block Grant	B-F-16-1CH-1	14.228	-	9,500
Total - Community Development Block Grant			-	147,000
Total U.S. Department of Housing and Urban Development			-	147,000
<u>U.S. Department of Justice</u>				
<i>Passed through Ohio Department of Youth Services:</i>				
Bulletproof Vest Partnership Program	n/a	16.607	-	2,529
<i>Passed through Ohio Attorney General:</i>				
Crime Victim Assistance	2015-VOCA-19812809	16.575	-	83,878
Crime Victim Assistance	2015-SVAA-19812843	16.575	-	7,357
Crime Victim Assistance	2017-VOCA-43559989	16.575	-	26,314
Crime Victim Assistance	2017-SVAA-43559993	16.575	-	139
Total - Crime Victim Assistance			-	117,688
Total U.S. Department of Justice			-	120,217
<u>U.S. Department of Homeland Security</u>				
<i>Passed through Ohio Department of Emergency Management:</i>				
Emergency Management Performance Grant	EMW-2015-EP-00034	97.042	-	40,492
Total U.S. Department of Homeland Security			-	40,492
<u>U.S. Department of Education</u>				
<i>Passed through Ohio Department of Education:</i>				
<i>Special Education Cluster:</i>				
Special Education Grants to States	n/a	84.027	-	16,977
Total Special Education Cluster			-	16,977
Total U.S. Department of Education			-	16,977

PICKAWAY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Federal Grantor / Pass through Grantor Program/Cluster Title	Pass-Through Entity Number	Federal CFDA Number	Passed through to Subrecipients Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through Ohio Department of Job & Family Services:</i>				
Promoting Safe and Stable Families	G-1617-11-5566	93.556	\$ -	\$ 18,522
Community-Based Child Abuse Prevention	G-1617-11-5566	93.590	-	384
Foster Care Title IV-E	G-1617-11-5566	93.658	-	577,950
Adoption Assistance	G-1617-11-5566	93.659	-	58,454
Chaffee Foster Care Independence Program	G-1617-11-5566	93.674	-	1,423
Temporary Assistance for Needy Families (TANF Cluster)	G-1617-11-5566	93.558	-	1,272,140
Child Care Development Block Grant (CCDF Cluster)	G-1617-11-5566	93.575	-	59,164
Social Service Block Grant	G-1617-11-5566	93.667	-	395,027
Child Support Enforcement	G-1617-11-5566	93.563	-	560,130
Medical Assistance Program (Medicaid Cluster)	G-1617-11-5566	93.778	-	409,397
<i>Passed through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	n/a	93.667	-	32,922
Total U.S. Department of Health and Human Services			-	3,385,513
<u>U.S. Department of Transportation</u>				
<i>Passed through Ohio Department of Public Safety:</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	STEP-2016-65	20.600	-	6,911
State and Community Highway Safety	IDEP-2016-65	20.600	-	13,735
State and Community Highway Safety	STEP-2017-65	20.600	-	4,102
State and Community Highway Safety	IDEP-2017-65	20.600	-	2,394
Safe Communities Grant	SC-2016-65	20.600	-	10,899
Safe Communities Grant	SC-2017-65	20.600	-	4,600
Total - Highway Safety Cluster			-	42,641
<i>Passed through Ohio Department of Transportation:</i>				
Highway Planning and Construction Cluster	PID # 83541	20.205	-	3,389,396
	PID # 97466	20.205	-	297,377
Total - Highway Planning and Construction Cluster			-	3,686,773
Total U.S. Department of Transportation			-	3,729,414
<u>U.S. Department of Labor</u>				
<i>Passed through Ohio Department of Job & Family Services:</i>				
Employment Services/Wagner-Peyser Funded Activities (Employment Service Cluster)	G-1617-11-5566	17.207	-	14,855
<i>Workforce Investment Act (WIA Cluster)</i>				
Work Investment Act-Adult	G-1415-11-5413	17.258	-	106,683
Admin - Work Investment Act-Adult	G-1415-11-5413	17.258	-	3,161
Total-Adult			-	109,844
Admin - Work Investment Act-Youth	G-1415-11-5413	17.259	-	2,351
Work Investment Act-Youth	G-1415-11-5413	17.259	118,914	118,914
Total-Youth			118,914	121,265
Admin - Work Investment Act-Dislocated Worker	G-1415-11-5413	17.278	-	2,428
Work Investment Act-Dislocated Worker	G-1415-11-5413	17.278	-	55,718
Total-Dislocated Worker			-	58,146
Total Work Investment Act (WIA Cluster)			118,914	304,110
Total U.S. Department of Labor			118,914	304,110
Total Federal Awards Expenditures			\$ 118,914	\$ 7,969,200

PICKAWAY COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

The County passes certain federal awards received from the Area 20/21 Workforce Investment Board to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The federal loan programs listed subsequently are administered directly by the County, and balances and transactions relating to these programs are included in the County's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The current cash balance on the County's local program income account as of December 31, 2016 is \$6,589.

PICKAWAY COUNTY

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

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.

NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2016, the County made allowable transfers of \$100,000 from the Social Services Block Grant (SSBG) (93.667) program to the Temporary Assistance for Needy Families (TANF) (93.558) program. The Schedule shows the County spent approximately \$395,027 on the SSBG program. The amount reported for the SSBG program on the Schedule excludes the amount transferred to the TANF program. The amount transferred to the TANF program is included as TANF expenditures when disbursed. The following table shows the gross amount drawn for the SSBG program during fiscal year 2016 and the amount transferred to the TANF program.

Social Services Block Grant	\$ 495,027
Transfer to Temporary Assistance for Needy Families	<u>(100,000)</u>
Total Social Services Block Grant	<u>\$ 395,027</u>



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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

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 aggregated discretely presented component unit and remaining fund information of Pickaway County, Ohio, (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 13, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

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*.

County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 13, 2017



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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

Pickaway County
207 S. Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the Pickaway 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 the Pickaway County's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Pickaway 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, 2016.

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Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

September 13, 2017

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

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)?	Yes
(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):	CFDA 20.205 Highway Planning and Construction Cluster CFDA 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
(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?	No

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016
(Continued)

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

FINDING NUMBER 2016-001

Cash Reconciliation – Significant Deficiency

Sound financial reporting is required for the open and efficient operation of government. This reporting is accomplished through the development and implementation of controls and procedures to properly reconcile cash balances in the County's bank and investment accounts, as well as cash on hand, with the County Auditor's balances each month.

The Treasurer was unable to provide support for the full amount of non-sufficient checks as of December 31, 2016. Of the \$4,880.94 reported, only \$3,526.71 was properly supported with the remaining \$1,354.23 being not supported. As a result, the recalculated book balance was less than the Auditor's Office bank balance as of December 31, 2016 in the amount of \$598.29. The total amount of unidentified reconciling items reaches \$3,379.30 when considering reconciling items which were carried forward from the December 31, 2015 reconciliation and still undefined. While the variance is less than in the prior year audit, the existence of unreconciled items is indicative of financial control failures in the preparation of monthly bank reconciliations. The County's bank balance remains greater than its book balance.

Strong monitoring practices of County financial activities are the responsibility of management and are essential to help ensure proper financial reporting. A reconciliation should be performed daily (as noted below) and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Additionally, management should review the bank to book reconciliation, as well as, the reconciliation between the Auditor and Treasurer and their respective account balances. Evidence of these reviews by someone independent of the reconciliation process should be documented.

When designing internal controls, including monitoring controls, Ohio Admin. Code Section 117-2-01(D) suggests, in part, specific control activities that management should consider.

- (1) Ensure that all transactions are properly authorized in accordance with management's policies.
- (2) Ensure that accounting records are properly designed.
- (3) Ensure adequate security of assets and records.
- (4) Plan for adequate segregation of duties or compensating control
- (5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The lack of proper support for reconciling items can lead to errors in the posting of revenues and expenditures, conceal theft, and leave the County exposed to possible loss of funds.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-001 (Continued)

Cash Reconciliation – Significant Deficiency (Continued)

Unreconciled balances are indicative of the improper performance of preparing the reconciliation at month end. Not investigating reconciliation issues in a timely manner can lead to increased errors in the process and also conceal fraudulent transactions within the County.

We recommend that the County Treasurer's Office properly reconcile the County funds balance with the County Auditor's Office fund balance and for both Offices to investigate any and all variances and correct any unreconciled differences prior to certification. Further, we recommend that the Treasurer's Office maintain adequate supporting documentation for all items on the monthly bank reconciliation.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

PICKAWAY COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2015-001	Cash Reconciliation, initially occurred in 2013. Bank Balance is higher than book balance.	Significantly Different from Prior Year Corrective Action Taken. Re-issued as Finding 2016-001.	Treasurer will continue to work with the County Auditor in making correcting adjustments to bring cash back in balance. Of the total reconciling items \$2,781 is unidentified items from previous LGS cash reconciliation procedures performed.
2015-002	Finding for Recovery – Veteran Services	Not Corrected.	The Finding has not been repaid and was referred to the County Prosecutor for collection.

PICKAWAY COUNTY
CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	Treasurer will continue to work with the County Auditor in making correcting adjustments to bring cash back in balance. Of the total reconciling items \$2,781 is unidentified items from previous cash reconciliation procedures performed.	12/31/17	Ellery Elick, County Treasurer

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PICKAWAY 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 10, 2017