GALLIA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2017

Dave Yost • Auditor of State

GALLIA COUNTY
DECEMBER 31, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

INDEPENDENT AUDITOR'S REPORT

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle Gasoline 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 for infrastructure assets accounted for using the modified approach*, 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

September 20, 2018

This page intentionally left blank.

The discussion and analysis of Gallia County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for year 2017 are as follows:

- In total, net position increased $2,156,270. Net position of governmental activities increased $1,930,490, or 1.75 percent from 2016. Net position of business-type activities increased $225,780 or 2.23 percent from 2016.

- Overall, the fund balance of governmental funds increased $2,410,447. While the General Fund increased $1,768,651, the Motor Vehicle Gasoline Tax Fund increased $373,007, the Job and Family Services Fund increased $584,502, and the Board of Developmental Disabilities Fund decreased $119,441.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the financial position of Gallia County.

The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County. Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column.

Reporting Gallia County as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net position and changes in net position. This change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or worsened. Over time, these changes are one indicator of whether the financial position is improving or deteriorating. However, in evaluating the overall position of the County, non-financial information, such as the condition of the County's capital assets and changes in the County's property tax base will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

- Governmental Activities – Most of the County's programs or services are reported here, including legislative and executive, judicial, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental receipts, 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 County's Sewer system is reported here.

Reporting the Gallia County's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 18. Fund financial reports provide detailed information about the County's major funds. Based upon restrictions on the use of monies, the County has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. The County's major funds are the General Fund; the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds; and the Sewer Enterprise Fund.

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 sources and uses of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than 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, the reader may better understand the long-term impact of the County's near-term financial 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 number of individual governmental funds. Information for major funds, identified earlier, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single aggregated presentation.

Proprietary Funds The County uses enterprise funds to account for its sewer operations. For these operations, the County charges a fee to customers, based upon the amount of usage, to recover the costs of the services provided, and to cover the capital assets associated with the services.

GALLIA COUNTY AS A WHOLE

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 2017 compared to 2016.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	$22,668,653	$19,415,492	$1,539,493	$1,826,751	$24,208,146	$21,242,243
Capital Assets, Net	110,865,132	110,423,361	18,852,313	17,235,550	129,717,445	127,658,911
Total Assets	133,533,785	129,838,853	20,391,806	19,062,301	153,925,591	148,901,154
Deferred Outflows of Reources						
Pensions	6,666,074	5,296,184	0	0	6,666,074	5,296,184
Liabilities						
Current and Other Liabilities	2,500,312	2,427,719	842,276	696,984	3,342,588	3,124,703
Long-Term Liabilities:						
Due within One Year	202,849	146,759	181,558	177,142	384,407	323,901
Due in More than One Year						
Net Pension Liability	17,377,901	14,519,773	0	0	17,377,901	14,519,773
Other Amounts	3,004,239	2,902,362	9,022,958	8,068,941	12,027,197	10,971,303
Total Liabilities	23,085,301	19,996,613	10,046,792	8,943,067	33,132,093	28,939,680
Deferred Inflows of Resources						
Property Taxes	4,062,265	4,097,238	0	0	4,062,265	4,097,238
Pension	722,550	641,933	0	0	722,550	641,933
Total Deferred Inflows of Resources	4,784,815	4,739,171	0	0	4,784,815	4,739,171
Net Position						
Net Investment in Capital Assets	108,026,828	107,748,432	8,957,699	8,439,540	116,984,527	116,187,972
Restricted	9,373,606	8,715,749	0	0	9,373,606	8,715,749
Unrestricted (Deficit)	(5,070,691)	(6,064,928)	1,387,315	1,679,694	(3,683,376)	(4,385,234)
Total Net Position	$112,329,743	$110,399,253	$10,345,014	$10,119,234	$122,674,757	$120,518,487

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement 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.

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.

GASB 68 requires the net pension liability equal 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 separately identified 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.

Governmental activities assets increased $3,694,932, due mostly to increases in capital assets, equity in pooled cash and cash equivalents, and intergovernmental receivables. Capital assets increased in the amount of $441,771 due to the acquisition of various depreciable assets and construction in progress related to road and bridge infrastructure. Equity in pooled cash and cash equivalents increased $2,033,337. Intergovernmental receivables increased in the amount of $990,474, due to an increase in grant funding. Deferred outflows related to pension increased $1,369,890. The significant increase in total deferred outflow of resources in 2017 was due to outflows resulting from a change in assumptions used by the OPERS retirement system in calculations of the Net Pension Liability.

Total governmental activities liabilities increased $3,088,688, due mostly to net pension liability. Net pension liability increased $2,858,128. The net pension liability increase represents the County's proportionate share of the OPERS traditional plan's unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Total business-type activities assets increased $1,329,505. Capital assets increased by $1,616,763, due to ongoing construction in progress. The increase was slightly offset by a $182,922 decrease in equity in pooled cash and cash equivalents and a $136,074 decrease in intergovernmental receivables.

Table 2 reflects the change in net position of the current year from the prior year.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	$5,582,247	$5,636,002	$706,165	$605,731	$6,288,412	$6,241,733
Operating Grants, Contributions and Interest	16,845,907	17,250,990	0	0	16,845,907	17,250,990
Capital Grants and Contributions	0	0	608,833	3,628,076	608,833	3,628,076
Total Program Revenues	22,428,154	22,886,992	1,314,998	4,233,807	23,743,152	27,120,799
General Revenues:						
Property Taxes	3,662,510	3,654,663	0	0	3,662,510	3,654,663
Sales Taxes	5,516,740	5,064,045	0	0	5,516,740	5,064,045
Grants and Entitlements	2,111,470	895,272	0	0	2,111,470	895,272
Interest	90,245	59,589	7,035	5,482	97,280	65,071
Gain on Sale of Capital Assets	38,813	4,732	0	0	38,813	4,732
Contributions and Donations	250	500	0	0	250	500
Insurance Recoveries	287,431	60,935	0	0	287,431	60,935
Miscellaneous	1,368,377	599,230	21,089	95,159	1,389,466	694,389
Total General Revenues	13,075,836	10,338,966	28,124	100,641	13,103,960	10,439,607
Total Revenues	35,503,990	33,225,958	1,343,122	4,334,448	36,847,112	37,560,406
Program Expenses						
General Government:						
Legislative and Executive	6,066,580	4,920,564	0	0	6,066,580	4,920,564
Judicial	2,512,049	2,134,815	0	0	2,512,049	2,134,815
Public Safety	6,746,951	5,466,490	0	0	6,746,951	5,466,490
Public Works	5,047,149	5,308,786	0	0	5,047,149	5,308,786
Health	2,821,852	3,164,633	0	0	2,821,852	3,164,633
Human Services	9,594,096	8,058,551	0	0	9,594,096	8,058,551
Economic Development	675,953	257,599	0	0	675,953	257,599
Interest and Fiscal Charges	108,870	108,527	0	0	108,870	108,527
Sewer	0	0	1,117,342	1,095,195	1,117,342	1,095,195
Total Program Expenses	33,573,500	29,419,965	1,117,342	1,095,195	34,690,842	30,515,160
Change in Net Position	1,930,490	3,805,993	225,780	3,239,253	2,156,270	7,045,246
Net Position at Beginning of Year	110,399,253	106,593,260	10,119,234	6,879,981	120,518,487	113,473,241
Net Position at End of Year	$112,329,743	$110,399,253	$10,345,014	$10,119,234	$122,674,757	$120,518,487

Governmental Activities

Program revenues accounted for 63.17 percent of total revenues for governmental activities in 2017. Governmental activities services are primarily funded through these program revenues, with operating grants accounting for $16,845,907 or 47.45 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds.

The County's direct charges to users of governmental services made up $5,582,247 or 15.72 percent of total governmental revenues. These charges are for fees associated with emergency medical services, the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits, and public assistance fees.

General revenues, primarily property and sales taxes, accounted for 36.83 percent of total revenues. This highlights the County's dependence upon its citizens and taxpayers to fund those programs most important to them.

Human service programs accounted for $9,594,096 or 28.58 percent of total expenses for governmental activities. The expenses are primarily for Job and Family Services, Children's Services, and Child Support Enforcement activity. These activities are almost entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for $6,746,951 or 20.10 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity at the lowest cost to the taxpayer. The Work Release Center is an example of this philosophy.

Public works programs accounted for $5,047,149 or 15.03 percent of all governmental activities. These activities are paid entirely with program revenues. The funding from other governmental granting agencies was used for numerous road and bridge projects throughout the County.

General government legislative and executive and judicial, health, economic development, and interest and fiscal charges expenditures account for the remaining 36.29 percent of governmental expenses.

Business-Type Activities

The County's sewer operations experienced an increase in net position of $225,780 during 2017. Charges for services and capital grants accounted for $706,165 and $608,833, respectively, or 52.58 and 45.33 percent of total revenue. Sewer expenses increased $22,147 from 2016.

THE COUNTY'S FUNDS

The County's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $34,361,482 and expenditures of $32,674,736.

The fund balance of the General Fund increased $1,768,651. The General Fund's unassigned fund balance of $4,148,540 represented 42.98 percent of current year expenditures. Most of this balance remains in the County's treasury.

The fund balance of the Motor Vehicle Gasoline Tax Special Revenue Fund increased $373,007. The Motor Vehicle Gasoline Tax Special Revenue Fund's spendable fund balance of $1,421,240 represented 25.67 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund increased $584,502. The Job and Family Services Special Revenue Fund's spendable fund balance of $272,811 represented 3.66 percent of current year expenditures.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund decreased $119,441. The Board of Developmental Disabilities Special Revenue Fund's spendable fund balance of $563,686 represented 19.91 percent of current year expenditures.

The net position of the Sewer Enterprise Fund increased $225,780. The Sewer Fund's unrestricted net position of $1,387,315 represented 124.16 percent of current year expenses.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2017, the County amended its General Fund budget several times, though none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be changes during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, increases of $2,364,196 were made to the original budgeted revenues. Final budgeted expenditures increased $1,081,210 from the original amount. Gallia County's ending unencumbered fund balance in the General Fund was $41,291 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the County had $110,865,132 in governmental activities, and $18,852,313 in business-type activities, invested in land, infrastructure, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 3 shows 2017 balances compared to 2016.

(Table 3)
Capital Assets at December 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$648,565	$648,565	$0	$0	$648,565	$648,565
Infrastructure	97,942,504	97,942,504	9,109,155	9,430,499	107,051,659	107,373,003
Construction in Progress	575,270	0	9,674,460	7,757,948	10,249,730	7,757,948
Land Improvements	84,837	25,087	0	0	84,837	25,087
Building and Improvements	9,053,126	9,410,814	0	0	9,053,126	9,410,814
Furniture, Fixtures, and Equipment	1,296,355	1,120,604	18,472	22,721	1,314,827	1,143,325
Vehicles	1,264,475	1,275,787	50,226	24,382	1,314,701	1,300,169
Totals	$110,865,132	$110,423,361	$18,852,313	$17,235,550	$129,717,445	$127,658,911

The assets of the County are reported at cost, net of depreciation. The County uses the modified approach to present infrastructure for its governmental type activities. Disclosures about the condition assessments for infrastructure can be found in the Required Supplementary Information. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt

By year end, the County had various bonds, loans, and capital leases payable, totaling $12,030,716 of which $377,274 is due within one year.

(Table 4)
Outstanding Debt at December 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	$2,279,045	$2,370,280	$0	$0	$2,279,045	$2,370,280
Revenue Bonds	0	0	6,393,300	6,457,100	6,393,300	6,457,100
OWDA Loans	0	0	1,871,352	1,210,623	1,871,352	1,210,623
OPWC Loans	158,079	183,074	927,760	573,612	1,085,839	756,686
Capital Leases	401,180	121,575	0	0	401,180	121,575
Totals	$2,838,304	$2,674,929	$9,192,412	$8,241,335	$12,030,716	$10,916,264

The County's overall legal debt margin was $15,918,334 at December 31, 2017. For additional information on the County's debt, see Notes 19 and 24 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the County depends heavily on its taxpayers and grants and entitlements. Gallia County has tightened spending to better bring expenses in line with revenues, and carefully watched financial planning, in order to remain on firm financial footing.

CONTACTING THE COUNTY AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Larry M. Betz, Gallia County Auditor, 18 Locust Street, Gallipolis, Ohio 45631.

THIS PAGE INTENTIONALLY LEFT BLANK

Gallia County, Ohio

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$10,869,731	$1,412,548	$12,282,279
Cash and Cash Equivelants in Segregated Accounts	67,754	0	67,754
Cash and Cash Equivelants with Fiscal Agents	247,564	0	247,564
Accounts Receivable	272,596	222,633	495,229
Internal Balances	97,762	(97,762)	0
Intergovernmental Receivable	4,350,267	0	4,350,267
Sales Tax Receivable	1,175,686	0	1,175,686
Materials and Supplies Inventory	184,103	0	184,103
Prepaid Items	226,213	2,074	228,287
Loans Receivable	611,241	0	611,241
Property Taxes Receivable	4,565,736	0	4,565,736
Nondepreciable Capital Assets	99,166,339	9,674,460	108,840,799
Depreciable Capital Assets, Net	11,698,793	9,177,853	20,876,646
Total Assets	133,533,785	20,391,806	153,925,591
Deferred Outflows of Resources			
Pension	6,666,074	0	6,666,074
Liabilities			
Accounts Payable	766,379	8,247	774,626
Contracts Payable	0	368,098	368,098
Retainage Payable	0	334,104	334,104
Accrued Wages Payable	563,971	7,540	571,511
Matured Compensated Absences Payable	5,397	0	5,397
Vacation and Other Leave Benefits Payable	812,179	9,791	821,970
Intergovernmental Payable	278,627	5,652	284,279
Accrued Interest Payable	16,821	108,844	125,665
Unearned Revenue	56,938	0	56,938
Long-Term Liabilities:			
Due within One Year	202,849	181,558	384,407
Due in More than One Year:			
Net Pension Liability (See Note 12)	17,377,901	0	17,377,901
Other Amounts Due in More than One Year	3,004,239	9,022,958	12,027,197
Total Liabilities	23,085,301	10,046,792	33,132,093
Deferred Inflows of Resources			
Property Taxes	4,062,265	0	4,062,265
Pension	722,550	0	722,550
Total Deferred Inflows of Resources	4,784,815	0	4,784,815
Net Position			
Net Investment in Capital Assets	108,026,828	8,957,699	116,984,527
Restricted for:			
Debt Service	100,461	0	100,461
Job and Family Services	262,142	0	262,142
Court Operations	1,706,717	0	1,706,717
Sheriff Operations	86,782	0	86,782
Emergency Management Services	904,646	0	904,646
Real Estate Management	762,091	0	762,091
Roads and Bridges	2,851,718	0	2,851,718
Developmental Disabilities	866,414	0	866,414
Economic Development	971,945	0	971,945
Unclaimed Monies	27,459	0	27,459
Other Purposes	833,231	0	833,231
Unrestricted (Deficit)	(5,070,691)	1,387,315	(3,683,376)
Total Net Position	$112,329,743	$10,345,014	$122,674,757

See accompanying notes to the basic financial statements

Gallia County, Ohio

Statement of Activities

For the Year Ended December 31, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants
Governmental Activities				
General Government:				
Legislative and Executive	$6,066,580	$2,331,843	$171,274	$0
Judicial	2,512,049	779,107	765,695	0
Public Safety	6,746,951	1,417,592	184,381	0
Public Works	5,047,149	142,731	5,336,916	0
Health	2,821,852	298,846	1,055,656	0
Human Services	9,594,096	520,949	8,854,286	0
Economic Development	675,953	91,179	477,699	0
Interest and Fiscal Charges	108,870	0	0	0
Total Governmental Activities	33,573,500	5,582,247	16,845,907	0
Business-Type Activity				
Sewer	1,117,342	706,165	0	608,833
Total Primary Government	$34,690,842	$6,288,412	$16,845,907	$608,833

General Revenues

Property Taxes Levied for:
- General Purposes
- Board of Developmental Disabilities

Sales Taxes Levied for:
- General Purposes
- Public Safety

Grants and Entitlements not Restricted to Specific Programs

Gifts and Donations

Interest

Gain on Sale of Capital Assets

Insurance Recoveries

Other Revenues

Total General Revenues

Change 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

Governmental Activities	Business-Type Activity	Total
($3,563,463)	$0	($3,563,463)
(967,247)	0	(967,247)
(5,144,978)	0	(5,144,978)
432,498	0	432,498
(1,467,350)	0	(1,467,350)
(218,861)	0	(218,861)
(107,075)	0	(107,075)
(108,870)	0	(108,870)
(11,145,346)	0	(11,145,346)
0	197,656	197,656
(11,145,346)	197,656	(10,947,690)
2,529,254	0	2,529,254
1,133,256	0	1,133,256
4,440,072	0	4,440,072
1,076,668	0	1,076,668
2,111,470	0	2,111,470
250	0	250
90,245	7,035	97,280
38,813	0	38,813
287,431	0	287,431
1,368,377	21,089	1,389,466
13,075,836	28,124	13,103,960
1,930,490	225,780	2,156,270
110,399,253	10,119,234	120,518,487
$112,329,743	$10,345,014	$122,674,757

Gallia County, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and						
Cash Equivalents	$3,510,232	$1,017,872	$643,561	$348,179	$4,971,305	$10,491,149
Cash and Cash Equivalents in						
Segregated Accounts	8,680	0	0	0	41,731	50,411
Cash and Cash Equivalents with						
Fiscal Agents	0	0	0	247,564	0	247,564
Restricted Assets:						
Cash and Cash Equivalents	27,459	0	0	0	0	27,459
Receivables:						
Property Taxes	3,301,060	0	0	1,264,676	0	4,565,736
Sales Taxes	940,553	0	0	0	235,133	1,175,686
Accounts	55,952	0	0	0	216,644	272,596
Intergovernmental	1,133,025	2,095,819	63,770	435,108	622,545	4,350,267
Loans	0	0	0	0	611,241	611,241
Interfund	340,053	0	19,065	0	52,293	411,411
Materials and Supplies Inventory	0	184,103	0	0	0	184,103
Prepaid Items	128,083	5,698	20,719	26,049	45,664	226,213
Total Assets	$9,445,097	$3,303,492	$747,115	$2,321,576	$6,796,556	$22,613,836
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$163,734	$257,225	$231,079	$19,639	$94,702	$766,379
Accrued Wages Payable	218,806	51,981	66,857	77,162	149,165	563,971
Matured Compensated Absences Payable	0	0	0	5,397	0	5,397
Intergovernmental Payable	167,945	8,032	35,889	34,997	31,764	278,627
Interfund Payable	0	12,410	55,915	56,732	188,592	313,649
Unearned Revenue	0	0	75	0	56,863	56,938
Total Liabilities	550,485	329,648	389,815	193,927	521,086	1,984,961
Deferred Inflows of Resources						
Property Taxes not Levied to						
Finance Current Year Operations	2,944,030	0	0	1,118,235	0	4,062,265
Unavailable Revenue	1,063,480	1,362,803	63,770	419,679	499,118	3,408,850
Total Deferred Inflows of Resources	4,007,510	1,362,803	63,770	1,537,914	499,118	7,471,115
Fund Balances						
Nonspendable	155,542	189,801	20,719	26,049	45,664	437,775
Restricted	0	1,421,240	272,811	563,686	5,193,927	7,451,664
Committed	25,921	0	0	0	547,811	573,732
Assigned	557,099	0	0	0	0	557,099
Unassigned	4,148,540	0	0	0	(11,050)	4,137,490
Total Fund Balances	4,887,102	1,611,041	293,530	589,735	5,776,352	13,157,760
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$9,445,097	$3,303,492	$747,115	$2,321,576	$6,796,556	$22,613,836

See accompanying notes to the basic financial statements

Gallia County, Ohio

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

Total Governmental Fund Balances		$13,157,760
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		110,865,132
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	503,471	
Intergovernmental Revenues	2,792,635	
Charges for Services	112,595	
Other Revenues	149	3,408,850
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net position.		368,466
Vacation and Other Leave Benefits Payable is recognized for earned vacations and other leave benefits that are to be used within one year but is not recognized on the balance sheet until due.		(812,179)
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 governmental funds:		
Deferred Outflows - Pension	6,666,074	
Deferred Inflows - Pension	(722,550)	
Net Pension Liability	(17,377,901)	(11,434,377)
Long-term liabilities, accrued interest, and vacation benefits that are not due and payable in the current period and therefore are not reported in the funds:		
GO Bonds Payable	(2,279,045)	
OPWC Loans Payable	(158,079)	
Capital Leases Payable	(401,180)	
Accrued Interest Payable	(16,821)	
Compensated Absences	(368,784)	(3,223,909)
Net Position of Governmental Activities		$112,329,743

See accompanying notes to the basic financial statements

Gallia County, Ohio

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

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$2,489,346	$0	$0	$1,115,690	$0	$3,605,036
Sales Taxes	4,087,349	0	0	0	988,496	5,075,845
Intergovernmental	2,277,398	5,249,887	7,556,521	1,060,549	2,456,094	18,600,449
Charges for Services	1,991,686	130,963	305,279	247,542	2,391,536	5,067,006
Licenses and Permits	2,105	3,054	0	0	27,411	32,570
Fines and Forfeitures	155,204	10,344	0	0	176,661	342,209
Interest	94,520	5,043	0	0	455	100,018
Rent	54,052	0	9,682	42,134	52,113	157,981
Gifts and Donations	250	0	0	5,600	6,190	12,040
Other	753,372	115,509	72,004	331,624	95,819	1,368,328
Total Revenues	11,905,282	5,514,800	7,943,486	2,803,139	6,194,775	34,361,482
Expenditures						
Current:						
General Government:						
Legislative and Executive	4,853,164	0	0	0	772,537	5,625,701
Judicial	1,067,334	0	0	0	1,262,760	2,330,094
Public Safety	3,253,803	0	0	0	2,773,885	6,027,688
Public Works	65,384	5,478,390	0	0	34,716	5,578,490
Health	39,856	0	0	2,831,367	95,905	2,967,128
Human Services	370,571	0	7,455,864	0	1,406,244	9,232,679
Economic Development	0	0	0	0	596,870	596,870
Debt Service:						
Principal Retirement	1,023	52,995	0	0	152,572	206,590
Interest and Fiscal Charges	1,189	5,378	0	0	102,929	109,496
Total Expenditures	9,652,324	5,536,763	7,455,864	2,831,367	7,198,418	32,674,736
Excess of Revenues Over (Under) Expenditures	2,252,958	(21,963)	487,622	(28,228)	(1,003,643)	1,686,746
Other Financing Sources (Uses)						
Insurance Recoveries	287,431	0	0	0	0	287,431
Proceeds from Sale of Capital Assets	16,305	50,000	0	0	0	66,305
Inception of Capital Lease	0	369,965	0	0	0	369,965
Transfers In	0	0	96,880	0	829,990	926,870
Transfers Out	(788,043)	(24,995)	0	(91,213)	(22,619)	(926,870)
Total Other Financing Sources (Uses)	(484,307)	394,970	96,880	(91,213)	807,371	723,701
Net Change in Fund Balance	1,768,651	373,007	584,502	(119,441)	(196,272)	2,410,447
Fund Balances (Deficit) at Beginning of Year	3,118,451	1,238,034	(290,972)	709,176	5,972,624	10,747,313
Fund Balances at End of Year	$4,887,102	$1,611,041	$293,530	$589,735	$5,776,352	$13,157,760

See accompanying notes to the basic financial statements

Gallia 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, 2017

Net Change in Fund Balances - Total Governmental Funds		$2,410,447
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Assets Additions	1,350,132	
Depreciation Expense	(880,869)	469,263
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. This is the amount of the proceeds and gain on disposal of assets:		
Proceeds from Sale of Capital Assets	(66,305)	
Gain on the Sale of Capital Assets	38,813	(27,492)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	57,474	
Sales Taxes	440,895	
Intergovernmental Revenues	335,365	
Charges for Services	(17,519)	
Other Revenues	49	816,264
Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
General Obligation Bonds Payable	91,235	
OPWC Loans Payable	24,995	
Capital Leases Payable	90,360	206,590
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due.		626
The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position.		(369,965)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities:		(58,009)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,331,961
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,900,816)
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 the funds:		
Vacation and Other Leave Benefits Payable	46,213	
Compensated Absences Payable	5,408	51,621
Change in Net Position of Governmental Activities		$1,930,490

See accompanying notes to the basic financial statements

Gallia County, Ohio

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$2,446,038	$2,474,586	$2,474,586	$0
Sales Taxes	3,424,000	4,167,926	4,167,926	0
Intergovernmental	1,037,000	1,171,924	1,171,924	0
Charges for Services	948,805	1,785,774	1,785,774	0
Licenses and Permits	2,010	2,105	2,105	0
Fines and Forfeitures	100,100	153,785	153,785	0
Interest	50,000	94,520	94,520	0
Rent	61,000	54,052	54,052	0
Gifts and Donations	50	250	250	0
Other	61,278	589,555	589,555	0
Total Revenues	8,130,281	10,494,477	10,494,477	0
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,157,453	4,801,488	4,792,660	8,828
Judicial	1,072,819	1,115,011	1,109,895	5,116
Public Safety	2,682,682	3,174,717	3,160,584	14,133
Public Works	65,340	65,338	65,338	0
Health	102,659	49,314	38,825	10,489
Human Services	412,704	368,999	366,274	2,725
Total Expenditures	8,493,657	9,574,867	9,533,576	41,291
Excess of Revenues Over (Under) Expenditures	(363,376)	919,610	960,901	41,291
Other Financing Sources (Uses)				
Insurance Recoveries	57,000	287,431	287,431	0
Proceeds from Sale of Capital Assets	0	3,805	3,805	0
Advances In	351,419	359,306	359,306	0
Advances Out	0	(43,086)	(43,086)	0
Transfers Out	(818,680)	(788,043)	(788,043)	0
Total Other Financing Sources (Uses)	(410,261)	(180,587)	(180,587)	0
Net Change in Fund Balance	(773,637)	739,023	780,314	41,291
Fund Balance at Beginning of Year	1,738,019	1,738,019	1,738,019	0
Prior Year Encumbrances Appropriated	200,616	200,616	200,616	0
Fund Balance at End of Year	$1,164,998	$2,677,658	$2,718,949	$41,291

See accompanying notes to the basic financial statements

Gallia County, Ohio

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$4,095,000	$5,145,742	$5,145,742	$0
Charges for Services	115,000	138,362	138,362	0
Licenses and Permits	3,000	3,054	3,054	0
Fines and Forfeitures	10,000	9,389	9,389	0
Interest	5,000	5,043	5,043	0
Other	22,000	114,201	114,201	0
Total Revenues	4,250,000	5,415,791	5,415,791	0
Expenditures				
Current:				
Public Works	4,463,074	5,131,356	5,131,356	0
Excess of Revenues Over (Under) Expenditures	(213,074)	284,435	284,435	0
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	50,000	50,000	0
Transfers Out	0	(24,995)	(24,995)	0
Total Other Financing Sources (Uses)	0	25,005	25,005	0
Net Change in Fund Balance	(213,074)	309,440	309,440	0
Fund Balance at Beginning of Year	706,222	706,222	706,222	0
Fund Balance at End of Year	$493,148	$1,015,662	$1,015,662	$0

See accompanying notes to the basic financial statements

Gallia 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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$5,623,709	$7,542,187	$7,542,187	$0
Charges for Services	315,000	287,515	287,515	0
Rent	5,000	9,682	9,682	0
Other	200	72,177	72,177	0
Total Revenues	5,943,909	7,911,561	7,911,561	0
Expenditures				
Current:				
Human Services	6,335,789	7,457,921	7,457,921	0
Excess of Revenues Over (Under) Expenditures	(391,880)	453,640	453,640	0
Other Financing Sources (Uses)				
Transfers In	96,880	96,880	96,880	0
Advances In	300,000	0	0	0
Advances Out	(5,000)	(307,118)	(307,118)	0
Total Other Financing Sources (Uses)	391,880	(210,238)	(210,238)	0
Net Change in Fund Balance	0	243,402	243,402	0
Fund Balance at Beginning of Year	400,159	400,159	400,159	0
Fund Balance at End of Year	$400,159	$643,561	$643,561	$0

See accompanying notes to the basic financial statements

Gallia 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, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$1,092,775	$1,109,170	$1,109,170	$0
Intergovernmental	1,284,173	1,116,757	1,067,423	(49,334)
Charges for Services	404,000	296,502	312,287	15,785
Rent	44,000	38,418	42,134	3,716
Gifts and Donations	5,000	5,600	5,600	0
Other	5,000	307,100	331,624	24,524
Total Revenues	2,834,948	2,873,547	2,868,238	(5,309)
Expenditures				
Current:				
Health	2,587,140	2,862,760	2,848,884	13,876
Excess of Revenues Over Expenditures	247,808	10,787	19,354	8,567
Other Financing Uses				
Transfers Out	(91,213)	(91,213)	(91,213)	0
Net Change in Fund Balance	156,595	(80,426)	(71,859)	8,567
Fund Balance at Beginning of Year	293,209	293,209	293,209	0
Prior Year Encumbrances Appropriated	53,522	53,522	53,522	0
Fund Balance at End of Year	$503,326	$266,305	$274,872	$8,567

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
Assets		
Current :		
Equity in Pooled Cash and Cash Equivalents	$1,412,548	$351,123
Cash and Cash Equivalents in Segregated Accounts	0	17,343
Accounts Receivable	222,633	0
Prepaid Items	2,074	0
Total Current Assets	1,637,255	368,466
Noncurrent:		
Nondepreciable Capital Assets	9,674,460	0
Depreciable Capital Assets, Net	9,177,853	0
Total Noncurrent Assets	18,852,313	0
Total Assets	20,489,568	368,466
Liabilities		
Current:		
Accounts Payable	8,247	0
Contracts Payable	368,098	0
Retainage Payable	334,104	0
Accrued Wages Payable	7,540	0
Vacation and Other Leave Benefits Payable	9,791	0
Intergovernmental Payable	5,652	0
Accrued Interest Payable	108,844	0
Interfund Payable	97,762	0
General Obligation Bonds Payable	121,300	0
OPWC Loans Payable	11,167	0
OWDA Loans Payable	49,091	0
Total Current Liabilities	1,121,596	0
Long-Term:		
Compensated Absences Payable	12,104	0
General Obligation Bonds Payable	6,272,000	0
OPWC Loans Payable	916,593	0
OWDA Loans Payable	1,822,261	0
Total Long-Term Liabilties	9,022,958	0
Total Liabilities	10,144,554	0
Net Position		
Net Investment in Capital Assets	8,957,699	0
Unrestricted	1,387,315	368,466
Total Net Position	$10,345,014	$368,466

See accompanying notes to the basic financial statements

Gallia County, Ohio

Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
For the Year December 31, 2017

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
Operating Revenues		
Charges for Services	$706,165	$0
Other Operating Revenues	21,089	298,419
Total Operating Revenues	727,254	298,419
Operating Expenses		
Salaries and Wages	134,591	0
Fringe Benefits	43,699	356,428
Contractual Services	342,107	0
Materials and Supplies	23,082	0
Depreciation	334,366	0
Other	25,369	0
Total Operating Expenses	903,214	356,428
Operating Loss	(175,960)	(58,009)
Non-Operating Revenues (Expenses)		
Interest Income	7,035	0
Interest and Fiscal Charges	(214,128)	0
Total Non-Operating Revenues (Expenses)	(207,093)	0
Loss before Contributions	(383,053)	(58,009)
Capital Contributions	608,833	0
Change in Net Position	225,780	(58,009)
Net Position at Beginning of Year	10,119,234	426,475
Net Position at End of Year	$10,345,014	$368,466

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Customers	$627,696	$0
Cash Received from Operating Receipts	0	298,419
Cash Payments for Employee Services and Benefits	(161,216)	(356,428)
Cash Payments to Suppliers for Goods and Services	(355,695)	0
Other Operating Revenues	21,089	0
Other Operating Expenses	(25,369)	0
Net Cash Provided by (Used for) Operating Activities	106,505	(58,009)
Cash Flows from Non-Capital Financing Activities:		
Advances In	27,675	0
Cash Flows from Investing Activities		
Investment Earnings	7,035	0
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(1,803,898)	0
Proceeds from OPWC Loans	376,481	0
Proceeds from OWDA Loans	743,456	0
Principal Paid on Debt	(168,860)	0
Interest Paid on Debt	(216,223)	0
Capital Contributions	744,907	0
Net Cash Used for Capital and Related Financing Activities	(324,137)	0
Net Decrease in Cash and Cash Equivalents	(182,922)	(58,009)
Cash and Cash Equivalents at Beginning of Year	1,595,470	426,475
Cash and Cash Equivalents at End of Year	$1,412,548	$368,466
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
Loss	($175,960)	($58,009)
Adjustments:		
Depreciation	334,366	0
(Increase) Decrease in Assets:		
Accounts Receivable	(78,469)	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,003)	0
Accrued Wages Payable	1,800	0
Intergovernmental Payable	(2,830)	0
Interfund Payable	19,056	0
Vacation and Other Leave Benefits Payable	5,189	0
Compensated Absences Payable	7,356	0
Net Cash Provided by (Used for) Operating Activities	$106,505	($58,009)

See accompanying notes to the basic financial statements

Gallia County, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	$2,807,346
Cash and Cash Equivalents in Segregated Accounts	622,351
Receivables:	
Intergovernmental	1,477,095
Accounts	127,170
Property Taxes	29,781,595
Special Assessments	53,972
Total Assets	$34,869,529
Liabilities	
Intergovernmental Payable	$31,466,571
Deposits Held and Due to Others	3,402,958
Total Liabilities	$34,869,529

See accompanying notes to the basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1 - REPORTING ENTITY

Gallia County, Ohio (the County), was created in 1803. 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, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Gallia County, this includes the Gallia County Board of Developmental Disabilities, Gallia County Children Services Board, and all 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 program's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent upon the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. The County has no material component units.

The Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) and the O.O. McIntyre Park District are presented as agency funds of the County because the County Auditor serves as the fiscal agent for these organizations.

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 legally separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

Gallia County Health Department is governed by a five member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council composed of township trustees, county commissioners, and mayors of participating municipalities. The Board adopts its own budget and hires and fires its own staff. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

Gallia County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five Supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits. The District submits a budget to the Board of County Commissioners for inclusion on the

County's annual appropriation resolution. The Ohio Department of Natural Resources provides funding to match what is provided by the County out of the General Fund.

Local Emergency Planning Committee (LEPC) of Gallia County is a single county district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commissioners for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit/burden relationship exists. The County's accountability ceases with the recommendation of appointments of committee members.

Gallia County Council on Aging is operated under a separate board of directors, which currently consists of 18 members from various clubs, companies, and the Gallia County community. Although the County collects tax monies for the Council, the County is not involved in the selection of directors or management of the Council on Aging or in the authorization of expenditures.

Gallia County Family and Children First Council is controlled by an oversight committee. The chair of the County Commissioners serves on the committee. The County is the fiscal agent for the Council's monies.

The County is associated with the following organizations that are defined as jointly governed organizations, related organizations, or shared risk pools. These organizations are presented in Notes 20, 21, and 22 to the basic financial statements.

Solid Waste Management District
Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH)
Area Agency on Aging, District 7, Inc.
Ohio Valley Resource Conservation and Development Area, Inc.
Gallia-Meigs Community Action Agency
Gallia-Jackson Child Abuse and Neglect Advisory Board
Ohio Valley Regional Development Commission
Southern Ohio Council of Governments
Regional Child Abuse Prevention Council
O.O. McIntyre Park District
Bossard Memorial Library
Gallia Metropolitan Housing Authority
County Risk Sharing Authority, Inc. (CORSA)
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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. <u>Basis of Presentation</u>

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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities 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. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each 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. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. <u>Fund Accounting</u>

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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

General Fund - The General Fund accounts for and reports 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 and transferred according to the general laws of Ohio.

Motor Vehicle Gasoline Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants and distributions.

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.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise 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 following is a description of the County's Enterprise Fund:

Sewer Fund This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The internal service fund accounts for funds held in reserve to cover excess deductible costs in providing health insurance for the County's employees.

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 all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

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 net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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 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.

Nonexchange 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 year for which the taxes are levied (see Note 8). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (see Note 9), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial 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 for pension. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, intergovernmental grants, charges for services, and other receivables for services rendered. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19.

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 agency 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 the County Commissioners at the fund, function, and object level.

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 appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2017 upon which the final appropriations were based.

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.

F. Cash and Cash Equivalents

To improve cash management, cash received by the County Treasurer is pooled. Cash balances, except cash held by a fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The Gallia County Board of Developmental Disabilities has an account held separate from the County's pooled accounts. This depository account is presented as "Cash and Cash Equivalents with Fiscal Agents" since it is not deposited into the County's treasury.

Various departments within the County have segregated bank accounts for monies held separate from the County's central bank account. These accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited with the County Treasurer.

During 2017, investments were limited to the Soil and Water Conservation District's STAR Ohio segregated account. Investments are reported at fair value, which is based on quoted market prices.

During 2017, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. County policy requires interest earned on investments to be credited to the General Fund except where there is a legal requirement or there are bond proceeds for capital improvements. Interest revenue credited to the General Fund during 2017 amounted to $94,520, which includes $76,100 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by the creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

I. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used 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 balances.

L. 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.

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 acquisition value as of the date received. The County maintains a capitalization threshold of five thousand dollars, with the exception of infrastructure. 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, general infrastructure, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities	Business-Type Activities
Land Improvements	20 - 40 Years	N/A
Buildings and Improvements	10 - 40 Years	N/A
Furniture, Fixtures, and Equipment	5 - 30 Years	5 - 30 Years
Vehicles	5 - 20 Years	5 - 20 Years
Infrastructure	N/A	15 - 40 Years

The County's infrastructure consists of County roads and bridges, certain culverts, and sewer systems. The County reports infrastructure acquired prior to December 31, 1980.

County road and bridges (infrastructure reported in the Governmental activities column of the statement of net position) are presented using the modified approach and therefore these assets are not depreciated. In addition, expenditures made by the County to preserve existing roads or bridges are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized. Additional disclosures about the condition assessments and maintenance cost regarding the County's roads and bridges appear in the Required Supplementary Information.

M. Capitalization of Interest

It is the County's policy to not capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

N. 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. The liability is recorded as "vacation and other leave benefits payable" as the balances are to be used by employees in the year following the year in which the benefit was earned.

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 to twenty years, depending on each department, are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported in 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, claims, judgments, net pension liability, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability in the governmental fund financial statements when due.

P. Fund Balance

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

> ***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.
>
> ***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions).
>
> Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Q. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for children services, child support, dog and kennel, marriage license, and community reinvestment area administration activities.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. 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 additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

S. 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 wastewater treatment and self-insurance programs. 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 non-operating.

T. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in 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.

U. 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. The County did not have any extraordinary or special items in 2017.

V. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

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

NOTE 4 - FUND BALANCES

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

Fund Balances	General Fund	Motor Vehicle Gas Tax	Job and Family Services	Board of Development Disabilities	Other Governmental Funds	Totals
Nonspendable:						
Inventory	$0	$184,103	$0	$0	$0	$184,103
Prepaids	128,083	5,698	20,719	26,049	45,664	226,213
Unclaimed Monies	27,459	0	0	0	0	27,459
Total Nonspendable	155,542	189,801	20,719	26,049	45,664	437,775
Restricted for:						
Road and Bridge Projects	0	1,421,240	0	0	0	1,421,240
Emergency Management Services	0	0	0	0	866,130	866,130
Court Operations	0	0	0	0	1,435,640	1,435,640
Real Estate Assessment	0	0	0	0	801,938	801,938
Developmental Disabilities	0	0	0	563,686	0	563,686
Job and Family Services	0	0	272,811	0	0	272,811
Economic Development	0	0	0	0	971,867	971,867
Childrens Services Operations	0	0	0	0	188,123	188,123
Child Support Services	0	0	0	0	713,263	713,263
Debt Service	0	0	0	0	117,282	117,282
Sheriff Operations	0	0	0	0	97,480	97,480
Other Purposes	0	0	0	0	2,204	2,204
Total Restricted	0	1,421,240	272,811	563,686	5,193,927	7,451,664
Committed to:						
Public Safety	25,921	0	0	0	0	25,921
Emergency Medical Services	0	0	0	0	432,990	432,990
Waste Management	0	0	0	0	114,821	114,821
Total Committed	25,921	0	0	0	547,811	573,732
Assigned to:						
Purchases on Order	53,250	0	0	0	0	53,250
Year 2018 Appropriations	476,521	0	0	0	0	476,521
Insurance Claims	27,328	0	0	0	0	27,328
Total Assigned	557,099	0	0	0	0	557,099
Unassigned:	4,148,540	0	0	0	(11,050)	4,137,490
Total Fund Balances	$4,887,102	$1,611,041	$293,530	$589,735	$5,776,352	$13,157,760

NOTE 5 - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of December 31, 2017:

	Deficit
Special Revenue Funds:	
Airport	$4,134
Dog and Kennel	5,831

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

5. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

6. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (cash).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	$1,768,651	$373,007	$584,502	($119,441)
Revenue Accruals	(710,620)	(471,224)	(31,925)	(895)
Beginning of the Year:				
Cash with Fiscal Agent	0	0	0	320,078
Unrecorded Cash	36,331	4,460	0	0
Cash in Segregated Accounts	8,035	0	0	0
Prepaid Items	132,571	19,192	22,126	27,587
Agency Fund Cash Allocation	60,017	0	0	26,737
End of the Year:				
Cash with Fiscal Agent	0	0	0	(247,564)
Unrecorded Cash	(35,679)	(2,210)	0	0
Cash in Segregated Accounts	(8,680)	0	0	0
Prepaid Items	(128,083)	(5,698)	(20,719)	(26,049)
Agency Fund Cash Allocation	(550,165)	0	0	(33,257)
Expenditure Accruals	151,828	391,913	(3,464)	20,995
Proceeds from Sale of Capital Assets	(12,500)	0	0	0
Advances In	359,306	0	0	0
Advances Out	(43,086)	0	(307,118)	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(43,455)	0	0	0
Encumbrances	(204,157)	0	0	(40,050)
Budget Basis	$780,314	$309,440	$243,402	($71,859)

NOTE 7 - DEPOSITS AND INVESTMENTS

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

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

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

2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or its political subdivisions;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;

9. Up to forty percent of the County's average portfolio in either of the following

   a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.

   b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.

10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

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

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

Cash on Hand At year end, the County had $50,581 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $14,832,415 of the County's bank balance of $15,863,186 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC. This does not include $247,564 in Cash and Cash Equivalents with fiscal agents, which is held by Southern Ohio Council of Governments and cannot be disclosed by risk because it is co-mingled with other Counties' monies.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments As of December 31, 2017, the County had the following investment:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating
Net Asset Value Per Share:			
Star Ohio	$54,282	Average 52.1 days	AAAm

Interest Rate Risk: The County's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sell negotiable instruments prior to maturity in accord with the law. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2017, consisted of property taxes, sales taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and interfund. All receivables, except property taxes and a portion of the loan receivable, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate for all County operations for the year ended December 31, 2017, was $9.00 per $1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	$520,288,280
Public Utility Tangible Personal Property	273,930,030
Total Assessed Value	$794,218,310

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Loans Receivable

The Community Development Block Grant Special Revenue Fund reflects a loan receivable of $611,241. This amount is for the principal owed to the County for State Industrial Site Improvement Fund Grant monies and local monies used to construct a speculative building that was sold to a local manufacturing company and financed by the County. The loan bears no interest. This loan is to be repaid over a 20 year period. The amount scheduled for collection during the subsequent year is $44,999.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Gas Excise Tax	$1,180,723
Motor Vehicle License Tax	774,773
Medicaid Sales Tax Transition	624,411
Youth Services Grant	430,196
S18 Special Education Grant	267,126
Casino Tax	178,926
Homestead and Rollback	176,601
Local Government	164,541
Ohio Public Works Commission Grant	131,618
Jail Bills	72,724
Targeted Community Alternatives to Prison Grant	65,598
Job & Family Services Reimbursements	64,561
Victims of Crime Act - Victim Assistance	46,116
Board of Developmental Disabilities Annual Subsidies	38,089
Election Expense Reimbursement	30,020
Therapy Services Reimbursements	27,413
Special Education Part B- IDEA	20,119
Miscellaneous	11,731
Emergency Management Performance Grant	9,527
Early Childhood Special Education	7,177
Board of Developmental Disabilities Reimbursements	6,414
Title IV-D	5,660
Title XX	4,453
Other Government Court Fines	4,026
Defense of Indigents	3,750
School Lunch Reimbursement	2,245
Sheriff IDEP/STEP Grants	1,729
	$4,350,267

NOTE 9 - PERMISSIVE SALES AND USE TAX

On November 17, 1981, the County Commissioners adopted, by resolution, a one-half percent tax on all retail sales made in the County and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. On March 5, 1987, the County Commissioners adopted, by resolution, a proposal for an additional one-half percent tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was approved by the voters at a special election held on May 5, 1987. On August 18, 1994, the County Commissioners adopted, by resolution, a proposal for an additional one-quarter of one percent tax for the implementation of a county-wide 9-1-1 system, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted on and passed by the voters on November 8, 1994. The tax for the 9-1-1 system is approved for a period of five years. The most recent renewal was approved on November 16, 2009.

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 to the Office of Budget Management 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 the month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

In 2017, the General Fund received $4,440,072 and the 9-1-1 Special Revenue Fund received $1,076,668 in sales and use tax revenue. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2017.

NOTE 10 - CAPITAL ASSETS

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

	Balance at 12/31/16	Additions	Deductions	Balance at 12/31/17
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$648,565	$0	$0	$648,565
Infrastructure	97,942,504	0	0	97,942,504
Construction in Progress	0	575,270	0	575,270
Total Capital Assets not being Depreciated	98,591,069	575,270	0	99,166,339
Depreciable Capital Assets:				
Land Improvements	130,657	63,764	0	194,421
Buildings and Improvements	15,404,859	22,800	0	15,427,659
Furniture, Fixtures, and Equipment	5,662,376	387,913	(264,712)	5,785,577
Vehicles	3,939,075	300,385	(90,084)	4,149,376
Total Depreciable Capital Assets	25,136,967	774,862	(354,796)	25,557,033
Less Accumulated Depreciation:				
Land Improvements	(105,570)	(4,014)	0	(109,584)
Buildings and Improvements	(5,994,045)	(380,488)	0	(6,374,533)
Furniture, Fixtures, and Equipment	(4,541,772)	(202,957)	255,507	(4,489,222)
Vehicles	(2,663,288)	(293,410)	71,797	(2,884,901)
Total Accumulated Depreciation	(13,304,675)	(880,869) *	327,304	(13,858,240)
Total Capital Assets being Depreciated, Net	11,832,292	(106,007)	(27,492)	11,698,793
Governmental Activities Capital Assets, Net	$110,423,361	$469,263	($27,492)	$110,865,132

* Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	$131,571
Judicial	1,871
Public Safety	202,758
Public Works	226,230
Health	163,030
Human Services	46,688
Economic Development	108,721
Total Depreciation Expense	$880,869

	Balance at 12/31/16	Additions	Deductions	Balance at 12/31/17
Business-Type Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	$7,757,948	$1,916,512	$0	$9,674,460
Depreciable Capital Assets:				
Infrastructure	12,843,735	0	0	12,843,735
Furniture, Fixtures, and Equipment	59,868	0	0	59,868
Vehicles	52,874	34,617	0	87,491
Total Capital Assets being Depreciated	12,956,477	34,617	0	12,991,094
Less Accumulated Depreciation:				
Infrastructure	(3,413,236)	(321,344)	0	(3,734,580)
Furniture, Fixtures, and Equipment	(37,147)	(4,249)	0	(41,396)
Vehicles	(28,492)	(8,773)	0	(37,265)
Total Accumulated Depreciation	(3,478,875)	(334,366)	0	(3,813,241)
Total Capital Assets being Depreciated, Net	9,477,602	(299,749)	0	9,177,853
Business-Type Activities Capital Assets, Net	$17,235,550	$1,616,763	$0	$18,852,313

The business-type activities of the County are the sewer operations at various subdivisions in the County.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 22A), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

Property	Deductible	Limits of Coverage
Real Property	$2,500	$71,388,575
General Liability	2,500	1,000,000 Per Occurrence
Law Enforcement	2,500	1,000,000 Per Occurrence
Equipment Breakdown	2,500	100,000,000
Medical Expense:	2,500	5,000/50,000
Employer's Liability (Stop Gap)	2,500	No Annual Aggregate
Electronic Equipment/Media Coverage:		
Electronic Media	2,500	250,000 Per Occurrence
Extra Expense	2,500	25,000 Per Occurrence
Crime Coverage:		
Theft, Disappearance, Destruction	2,500	1,000,000 Per Occurrence
Employee Dishonesty	0	1,000,000 Per Occurrence
Forgery and Alteration	2,500	1,000,000 Per Occurrence
Computer Fraud	2,500	500,000 Per Occurrence
Automobile	2,500	1,000,000 Per Occurrence

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

For 2017, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 22B). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

C. Medical Expense Reimbursement Plan

The County has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the County's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the County and Medical Mutual. The County's health plan with Medical Mutual covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with Medical Mutual and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse providers for employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the County and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with Medical Mutual has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with Medical Mutual.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0%	17.1%	17.1%
Post-employment Health Care Benefits	1.0	1.0	1.0
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	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 percent greater than the Public Safety rate.

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

The County's contractually required contribution was $1,282,704 for 2017. Of this amount, $72,123 is reported as an intergovernmental payable.

Plan Description - 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 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit was increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent was paid on the fifth anniversary of the retirement benefit. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan 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 services. 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. Through June 30, 2017, the employer rate was 14 percent and the member rate was 14 percent of covered payroll. The 2017 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was $49,257 for 2017. Of this amount $3,744 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, 2016, and the net pension liability for STRS was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07229004%	0.00404990%	
Prior Measurement Date	0.07510800%	0.00451146%	
Change in Proportionate Share	-0.00281796%	-0.00046156%	
Proportionate Share of the Net Pension Liability	$16,415,839	$962,062	$17,377,901
Pension Expense	$3,313,326	($412,510)	$2,900,816

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

	OPERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$22,250	$37,150	$59,400
Changes of assumptions	2,603,753	210,414	2,814,167
Net difference between projected and actual earnings on pension plan investments	2,444,696	0	2,444,696
Changes in proportion and differences between County contributions and proportionate share of contributions	0	36,018	36,018
County contributions subsequent to the measurement date	1,282,704	29,089	1,311,793
Total Deferred Outflows of Resources	$6,353,403	$312,671	$6,666,074
Deferred Inflows of Resources			
Differences between expected and actual experience	$97,700	$7,754	$105,454
Net difference between projected and actual earnings on pension plan investments	0	31,749	31,749
Changes in proportion and differences between County contributions and proportionate share of contributions	381,028	204,319	585,347
Total Deferred Inflows of Resources	$478,728	$243,822	$722,550

$1,311,793 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	STRS	Total
Year Ending December 31:			
2018	$1,815,122	$2,262	$1,817,384
2019	1,989,296	45,453	2,034,749
2020	859,213	2,421	861,634
2021	(71,660)	(10,376)	(82,036)
Total	$4,591,971	$39,760	$4,631,731

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

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

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

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00%	5.66%

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$25,078,861	$16,415,839	$9,196,739

Actuarial Assumptions - STRS

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

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 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 no set back from age 90 and above.

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

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

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	$1,379,084	$962,062	$610,784

NOTE 13 - 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, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, 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 postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board 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 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015, was $95,439, $191,832, and $182,303, respectively. For 2017, 94.39 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

B. *State Teachers Retirement System*

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

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

NOTE 14 - OTHER EMPLOYER BENEFITS

A. *Deferred Compensation Plan*

Gallia County employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457 offered by the State of Ohio. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Compensated Absences

County employees follow various personnel policies as established by the County Commissioners, union agreements, or departmental mandates. Some employees of the Board of Developmental Disabilities, Engineer, Sheriff, Emergency Management Services, and Job and Family Services are represented by union agreements. All other County employees follow the Commissioners policy.

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Upon retirement, with 10 or more years service with the County, the State, or any of its political subdivisions, all employees except those of the Board of Developmental Disabilities, Engineer, Job and Family Services, Sheriff, 911, and the Emergency Management Services, are paid 25% of their sick leave up to a maximum of 360 hours. The Board of Developmental Disabilities employees are paid at varying rates of 30% to 50% of all accumulated sick leave depending upon length of service with the Gallia County Board of Developmental Disabilities. The Job and Family Services employees are paid 25% of their sick leave up to a maximum of 360 upon retirement, regardless of years of service with the County. The Engineer department employees hired before August 1, 2016, are paid for accumulated sick leave at a rate of 100% up to 30 days, 50% up to 75 days, and 25% for all remaining unused sick leave above 75 days. The Engineer department employees hired after August 1, 2016, are paid for accumulated sick leave at a rate of 80% up to 240 hours. Sheriff department employees are paid 100% for all accumulated sick leave to a maximum of 240 hours. Emergency Management Services employees are paid 25% of their sick leave up to a maximum of 600 hours if hired before 2017. Emergency Management Services employees hired after 2017 are paid 25% of their sick leave up to a maximum of 360 hours. 911 employees are paid 25% of their sick leave or 30 days, whichever is less.

Unused vacation time and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

C. Insurance Benefits

In 2017, the County contracted with United Healthcare to provide all employees with $25,000 each in life and accidental death and dismemberment insurance.

The County provides comprehensive major medical and dental insurance through United Healthcare and vision insurance through VSP for all employees except those of the Engineer’s office. Monthly premiums are $710.00 for single coverage and $1,876.00 for family coverage. The County pays $622.18 of the premiums for single plans and the County’s employees pay the remaining balances. The County pays $1,595.72 of the premiums for employees participating in the family plan with the remainder being paid by the employee. For the Engineer’s office, the County pays $674.86 for single coverage and the employee pays the remaining balance. For family coverage the County pays $1,782.56 and the Engineer employees pay the remaining balance.

NOTE 15 - SIGNIFICANT COMMITMENTS

A. Contractual Commitments

As of December 31, 2017, the County had contractual purchase commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2017
Governmental Activities:				
Contractual Services:				
Property Reappraisal	Real Estate Assessment	$478,000	$435,179	$42,821
Business-Type Activities:				
Green Sewer Improvements		9,885,761	9,674,460	211,301
Total Contractual Commitments		$10,363,761	$10,109,639	$254,122

B. *Encumbrances*

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	$204,157
Board of Developmental Disabilities	40,050
Nonmajor Governmental Funds	169,596
Total	$413,803

NOTE 16 - FOOD STAMPS

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Gallia County. The receipt and issuance of the stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient.

NOTE 17 - 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.

Several claims and lawsuits are 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.

NOTE 18 - INTERFUND TRANSFERS AND BALANCES

Interfund balances, as of December 31, 2017, consist of the following individual interfund receivables and payables:

	Interfund Receivable			
	Major Funds			
Interfund Payable	General	Job and Family Services	Other Governmental Funds	Total
Major Funds:				
Motor Vehicle Gasoline Tax	$12,410	$0	$0	$12,410
Job and Family Services	55,915	0	0	55,915
Board of Developmental Disabilities	56,732	0	0	56,732
Other Governmental Funds	117,234	19,065	52,293	188,592
Sewer Enterprise Fund	97,762	0	0	97,762
	$340,053	$19,065	$52,293	$411,411

The interfund payable in the Sewer Enterprise Fund is a result of the General Fund making sewer related expenditures. These items are expected to be repaid upon completion of the related projects and generation of revenues by the system. The remaining interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made. Remaining interfund receivables/payables will be reimbursed either when funds become available or when payments for services are rendered.

Interfund transfers for the year ended December 31, 2017, consisted of the following:

	Transfer In		
	Major Fund		
Transfer Out	Job and Family Services	Other Governmental Funds	Total
Major Funds:			
General	$96,880	$691,163	$788,043
Motor Vehicle Gasoline Tax	0	24,995	24,995
Board of Developmental Disabilities	0	91,213	91,213
Other Governmental Funds	0	22,619	22,619
	$96,880	$829,990	$926,870

Transfers were used to 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 to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE

In 2017, the County entered into one new lease for an excavator. In prior years, the County entered into agreements to lease copiers and radio equipment. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Equipment acquired by leases has been capitalized in the government wide statements for governmental activities in the amount of $573,107, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of $485,004 as of December 31, 2017. Principal payments for all capital leases during 2017 totaled $90,360 for governmental activities.

Future minimum lease payments through 2023 are as follows:

	Governmental Activities	
Year	Principal	Interest
2018	$88,269	$13,899
2019	91,668	10,499
2020	55,284	6,882
2021	54,147	4,858
2022	55,099	3,274
2023	56,713	1,661
Total	$401,180	$41,073

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Solid Waste Management District

The County is a member of the Gallia, Jackson, Meigs and Vinton Solid Waste Management District (the District), which 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 is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2017.

B. *Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addition, and Mental Health Services*

The Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board (ADAMH), is a jointly governed organization of the three named counties. The ADAMH provides no direct services but contracts for their delivery. The ADAMH's function is to assess needs, and to plan, monitor, fund and evaluate the services. The ADAMH is managed by an eighteen member Board. The Board is comprised of five members appointed by the Jackson County Commissioners, two by the Gallia County Commissioners, and three by the Meigs County Commissioners, which are proportionate to population, four by the Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriating, contracting and managing.

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board and it is presented as an Agency Fund. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2017, the County made no payments to the Board.

C. *Area Agency on Aging, District 7, Inc.*

The Area Agency on Aging is a regional council of governments that assists ten counties, including Gallia County, in providing services to senior citizens in the Council's service area. The Council is governed by a eight member Board of Trustees. The Gallia County Commissioners along with other county organizations can nominate new board members, but they must be representatives of local community service organizations. At least one-half of the board members must be over the age of fifty-five. The Board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent upon the County's continued participation and no equity interest exists. The Council has no outstanding debt.

D. *Ohio Valley Resource Conservation and Development Area, Inc.*

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservations and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2017, the County made no contributions to the Ohio Valley Resource Conservation and Development Area, Inc.

E. Gallia-Meigs Community Action Agency

The Gallia-Meigs Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered implemented by the Agency. The County is the fiscal agent for the grant, but the grants are used by the Agency to improve low income family housing in Gallia County. The Agency contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board of County Commissioners exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the Agency. The Agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. In 2017, the County paid $1,074,412 to the Agency for services provided to the County.

F. Gallia-Jackson Child Abuse and Neglect Advisory Board

The Child Abuse and Neglect Advisory Board (the Board) is a jointly governed organization formed to prevent child abuse and neglect in its members counties. The Board is controlled by a five member Board of Directors. Gallia and Jackson County each appoints two members and there is one at-large member. The at-large member is currently the Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board director. The Board Organization receives $20,000 a year from the State for birth registration fees, of which $19,400 is sent directly to the Ohio Children's Trust Fund Board. The Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board received the remaining $600 for administrative services. Continued existence of the Board is not dependent upon the County's continued participation, nor does the County have an equity interest in the Board. The Board is not accumulating significant financial resources nor is it experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

G. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Gallia County for its continued existence. In 2017, the County paid $5,426 to the Ohio Valley Regional Development Commission for membership.

H. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the "Council), which is a jointly governed organization created under 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 (BDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County BDD's supportive living program monies. As of December 31, 2017, the County had a $247,564 balance on hand with the Council. These monies are recorded as "Cash and Cash Equivalents with Fiscal Agents" on the County's financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

I. Regional Child Abuse Prevention Council

The Regional Child Abuse Prevention Council of the Ohio Children's Trust Fund is a jointly governed organization whereby up to two County Prevention Specialists may be appointed by the Gallia County Commissioners to sit on the council. Currently, Gallia County has one appointee. The Regional Child Abuse Prevention Council is the state's sole public funding source dedicated to preventing child abuse and neglect. Each regional council is directed by a regional prevention coordinator or coordinating entity and led by county prevention specialists. The continued existence of the Regional Child Abuse Prevention Council is not dependent upon the County's continued participation and no equity interest or debt exists.

NOTE 21 - RELATED ORGANIZATIONS

A. O.O. McIntyre Park District

The County Probate Judge is responsible for appointing the three-member board of the O.O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a benefit/burden relationship exist. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District Agency Fund. In addition, the Park District receives one percent of the County's share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled $8,753 in 2017. The Park District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the Park District; therefore, the financial activity is reflected in the Park District Agency Fund.

B. Bossard Memorial Library

The Bossard Memorial Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. Due process is required to remove board members. The Library has a 1.3 mill property tax that is collected by Gallia County and then transferred into the Library District Agency Fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend upon the County for operational subsidies.

C. Gallia Metropolitan Housing Authority

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State Statutes. The Authority is operated by a five member board. Two board members are appointed by the City of Gallipolis, one member is appointed by the Probate Court Judge, one member is appointed by the Common Pleas Court Judge, and one member is appointed by the County Commissioners. The Authority receives funding from the U.S. Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in its management or operation. The County is not financially accountable for the Authority.

NOTE 22 - SHARED RISK POOLS

A. County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among fifty-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 losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages 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 or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2017 was $180,277.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

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

NOTE 23 - DECLINING MORTGAGE LOANS

Gallia County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan is released at the end of either a five or ten year period), unless they would sell the residence before the five or ten year period ended. The remaining 15 percent would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15 percent, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnership Program Grants. As of December 31, 2017, the total amount of loans outstanding was $248,569. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

NOTE 24 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during the year consisted of the following:

	Principal Outstanding 12/31/16	Additions	Deductions	Principal Outstanding 12/31/17	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2006 Early Childhood and Family Center - 4.45%	$1,191,650	$0	$38,185	$1,153,465	$39,884
2010 Speculative Building - 4.08%	151,423	0	16,356	135,067	17,032
2010 Airport Hangers - 4.34%	232,809	0	8,138	224,671	8,491
2011 Davis Lot Land - 4.50%	132,098	0	6,356	125,742	6,642
2012 JFS Building - 3.375%	662,300	0	22,200	640,100	22,900
Total General Obligation Bonds	2,370,280	0	91,235	2,279,045	94,949
OPWC Loans:					
2013 OPWC Road Improvements Loan - 0.00%	113,357	0	22,671	90,686	11,336
2015 OPWC Road Improvements Loan - 0.00%	69,717	0	2,324	67,393	1,162
Total OPWC Loans	183,074	0	24,995	158,079	12,498
Net Pension Liability:					
OPERS	13,009,651	3,406,188	0	16,415,839	0
STRS	1,510,122	0	548,060	962,062	0
Total Net Pension Liability	14,519,773	3,406,188	548,060	17,377,901	0
Capital Leases	121,575	369,965	90,360	401,180	88,269
Compensated Absences	374,192	36,943	42,351	368,784	7,133
Total Governmental Activities	$17,568,894	$3,813,096	$797,001	$20,584,989	$202,849

	Outstanding 12/31/16	Additions	Deductions	Outstanding 12/31/17	Due in One Year
Business-Type Activities:					
OWDA Loans:					
2008 Green Sewer - 5.21%	$79,954	$0	$1,079	$78,875	$0
2014 Green Sewer - 4.30%	197,303	6,983	9,996	194,290	4,996
2014 Green Sewer - 4.40%	61,048	53,783	11,250	103,581	5,625
2015 Green Sewer - 3.15%	5,653	682,690	15,924	672,419	16,175
2009 Kanauga/Addison Sewer - 0.00%	261,000	0	18,000	243,000	9,000
2009 Mercerville Sewer - 0.00%	156,589	0	11,599	144,990	5,800
2011 Kanauga/Addison Sewer - 1.00%	449,076	0	14,879	434,197	7,495
Total OWDA Loans	1,210,623	743,456	82,727	1,871,352	49,091
Bonds:					
2000 USDA Sewer Revenue Bonds - 4.50%	1,532,300	0	36,800	1,495,500	38,400
2013 USDA Sewer Revenue Bonds - 3.125%	1,835,800	0	27,000	1,808,800	27,900
2015 USDA Sewer Revenue Bonds - 2.000%	3,089,000	0	0	3,089,000	55,000
Total Bonds	6,457,100	0	63,800	6,393,300	121,300
OPWC Loans:					
2002 OPWC Bidwell Porter Sewer - 0.00%	63,250	0	11,500	51,750	5,750
2008 OPWC Kanauga/Addison Sewer - 0.00%	292,500	0	10,833	281,667	5,417
2014 OPWC Green Sewer - 0.00%	217,862	376,481	0	594,343	0
Total OPWC Loans	573,612	376,481	22,333	927,760	11,167
Compensated Absences	4,748	7,356	0	12,104	0
Total Business-Type Activities	$8,246,083	$1,127,293	$168,860	$9,204,516	$181,558

A. *Governmental Activities*

In September 2006, the County issued General Obligation Bonds in the amount of $1,480,000 at 4.45 percent interest for the purpose of constructing an early childhood and family center. Principal and interest payments are due December 1 of each year through 2036. The bonds will be retired from the Bond Retirement Fund from transfers from the Board of Developmental Disabilities Fund. Principal and interest requirements to retire the County’s Early Childhood and Family Center General Obligation Bonds at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$39,884	$51,329	$91,213
2019	41,659	49,554	91,213
2020	43,512	47,701	91,213
2021	45,448	45,764	91,212
2022	47,471	43,742	91,213
2023-2027	270,987	185,078	456,065
2028-2032	336,892	119,173	456,065
2033-2036	327,612	37,240	364,852
	$1,153,465	$579,581	$1,733,046

In January 2010, the County issued General Obligation Bonds in the amount of $250,258 at 4.08 percent interest for the purpose of constructing a speculative building. Principal and interest payments are due December 1 of each year through 2024. The bonds will be retired from the Bond Retirement Fund from transfers from the Community Development Block Grant Fund. In 2011, the County sold the speculative building to a local manufacturing company. A loan receivable in the amount of $899,984 was set up in the Community Development Block Grant Fund. The proceeds of the receivable will be used to retire the General Obligation Bond. Principal and interest requirements to retire the County's Speculative Building General Obligation Bonds at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$17,032	$5,587	$22,619
2019	17,736	4,883	22,619
2020	18,459	4,160	22,619
2021	19,234	3,385	22,619
2022	20,030	2,590	22,620
2023-2024	42,576	2,662	45,238
	$135,067	$23,267	$158,334

In July 2010, the County issued General Obligation Bonds in the amount of $275,000 at 4.34 percent interest for the purpose of constructing two airport hangers at the Gallia-Meigs Regional Airport. Principal and interest payments are due December 1 of each year through 2035. The bonds will be retired from hangar rental fees revenue posted to the County's bond retirement fund. Principal and interest requirements to retire the County's Airport General Obligation Bonds at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$8,491	$9,751	$18,242
2019	8,859	9,383	18,242
2020	9,244	8,998	18,242
2021	9,645	8,597	18,242
2022	10,063	8,178	18,241
2023-2027	57,260	33,947	91,207
2028-2032	70,812	20,395	91,207
2033-2035	50,297	4,428	54,725
	$224,671	$103,677	$328,348

In December 2011, the County issued General Obligation Bonds in the amount of $160,000 at 4.50 percent interest for the purpose of purchasing the Davis Hall lot. Principal and interest payments are due December 1 of each year through 2031. The bonds will be retired from the General Fund. Principal and interest requirements to retire the County's Davis Lot General Obligation Bonds at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$6,642	$5,658	$12,300
2019	6,941	5,359	12,300
2020	7,253	5,047	12,300
2021	7,579	4,721	12,300
2022	7,920	4,380	12,300
2023-2027	45,280	16,221	61,501
2028-2031	44,127	5,074	49,201
	$125,742	$46,460	$172,202

In July 2012, the County issued General Obligation Bonds in the amount of $744,000 at 3.375 percent interest for the purpose of purchasing a building for the Job and Family Services department. Principal and interest payments are due July 1 of each year through 2037. The bonds will be retired from building rental fees revenue posted to the County's bond retirement fund. Principal and interest requirements to retire the Job and Family Services Building General Obligation Bonds at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$22,900	$21,603	$44,503
2019	23,700	20,831	44,531
2020	24,500	20,031	44,531
2021	25,300	19,204	44,504
2022	26,200	18,350	44,550
2023-2027	144,800	77,875	222,675
2028-2032	170,900	51,739	222,639
2033-2037	201,800	20,885	222,685
	$640,100	$250,518	$890,618

In July 2013, the County entered into an Ohio Public Works loan in the amount of $181,371, interest free, for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2022. The loan will be retired from Motor Vehicle Gasoline Tax Fund. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	$11,336
2019	22,671
2020	22,672
2021	22,671
2022	11,336
	$90,686

In July 2015, the County entered into an Ohio Public Works loan in the amount of $150,000, interest free, for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2047. The loan will be retired from Motor Vehicle Gasoline Tax Fund. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	$1,162
2019	2,324
2020	2,324
2021	2,324
2022	2,324
2023-2027	11,620
2028-2032	11,619
2033-2037	11,620
2038-2042	11,619
2043-2047	10,457
	$67,393

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund; the Motor Vehicle Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds; and the Sewer Enterprise Funds. Capital lease obligations are paid from intergovernmental grant revenues from the Community Development Block Grant Special Revenue Fund, sales tax revenues from the Emergency Management Agency Special Revenue Fund, and general property tax revenues in the General Fund.

There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General Fund and the Motor Vehicle Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds. For additional information related to the net pension liability see Note 12.

B. *Business-Type Activities*

In June 2006, the County entered into an agreement with Ohio Water Development Authority (OWDA) for a Green Township Sanitary Sewer Study in the amount of $50,000. On August 28, 2008, the County was approved for a $325,000 Green Sewer Phase I Design Loan which was used to pay off the Sanitary Sewer Study Loan. On March 31, 2011, the County was approved for an additional $163,000 for a total of $488,000. The design loan will be rolled over into a long term construction loan for payment. As of December 31, 2017, $590,514 has been disbursed on the OWDA Loan, which includes capitalized interest. As of December 31, 2017, the County has repaid $511,639. A final amortization schedule is not available.

In 2014, the County entered into another agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of $600,000. As of December 31, 2017, $224,287 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. The loan is not fully disbursed, and a final amortization schedule is not available.

In 2014, the County entered into an agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of $225,000. As of December 31, 2017, $137,331 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. As of December 31, 2017, OWDA had not disbursed the entire amount of the loan.

In 2015, the County entered into an agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of $1,568,730. As of December 31, 2017, $688,343 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. As of December 31, 2017, OWDA had not disbursed the entire amount of the loan.

In 2009, the County entered into a Water Pollution Control Loan Fund (WPCLF) agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of $720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. $360,000 of this loan was paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2012, $720,000 was disbursed on this loan; $360,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi-annual payment amounts are $9,000 with the date of first payment of January 1, 2012, which was paid during 2011. Principal and interest requirements to retire the County's Kanauga/Addison Sewer OWDA Loan at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	$9,000
2019	18,000
2020	18,000
2021	18,000
2022	18,000
2023-2027	90,000
2028-2031	72,000
	$243,000

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). In June 2011, an additional $110,000 was approved. This loan has a 0% interest rate and a term of 20 years. $450,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2014, $450,000 of the loan has been repaid with the above mentioned ARRA grant funding. Principal and interest requirements to retire the County's Mercerville Sewer WPCLF OWDA Loan at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	$5,800
2019	11,599
2020	11,599
2021	11,599
2022	11,599
2023-2027	57,996
2028-2030	34,798
	$144,990

In June 2011, the County entered into an agreement with OWDA for a Community Assistance Fund Loan for additional funding for the Kanauga – Addison Sewer project. The maximum amount of the loan is $500,000 at a rate of one percent for a term of thirty years. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the loan. Principal and interest requirements to retire the Community Assistance Fund Loan at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$7,495	$2,171	$9,666
2019	15,103	4,230	19,333
2020	15,255	4,078	19,333
2021	15,408	3,925	19,333
2022	15,562	3,771	19,333
2023-2027	80,183	16,481	96,664
2028-2032	84,284	12,380	96,664
2033-2037	88,594	8,070	96,664
2038-2042	93,124	3,540	96,664
2043	19,189	144	19,333
	$434,197	$58,790	$492,987

In March 2000, the County issued Sewer Revenue Bonds in the amount of $1,927,000 at an interest rate of 4.50 percent. Principal and interest payments are due March 1 of each year through 2040. These bonds issued through the USDA Rural Development were for the purpose of constructing the Bidwell Porter sewer system. The bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$38,400	$67,298	$105,698
2019	40,100	65,570	105,670
2020	42,000	63,765	105,765
2021	43,800	61,875	105,675
2022	45,800	59,904	105,704
2023-2027	261,900	266,689	528,589
2028-2032	326,300	202,221	528,521
2033-2037	406,600	121,887	528,487
2038-2040	290,600	26,536	317,136
	$1,495,500	$935,745	$2,431,245

On March 14, 2013, the Board of County Commissioners approved a resolution authorizing the issuance of $1,862,000 Sanitary Sewer Revenue Bonds. Proceeds were used to retire $1,862,000 of the interim OWDA loan financing on March 25, 2013. The remaining amount of the interim financing outstanding was paid by the County on March 28, 2013. The Sanitary Sewer Revenue Bonds have an interest rate of 3.125% and are to be paid over forty years with the first payment representing interest being due March 1, 2014, with final payment being March 1, 2053. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$27,900	$56,525	$84,425
2019	28,800	55,653	84,453
2020	29,600	54,753	84,353
2021	30,600	53,828	84,428
2022	31,500	52,872	84,372
2023-2027	173,100	248,953	422,053
2028-2032	201,800	220,169	421,969
2033-2037	235,400	186,600	422,000
2038-2042	274,600	147,447	422,047
2043-2047	320,200	101,781	421,981
2048-2052	373,500	48,522	422,022
2053	81,800	2,556	84,356
	$1,808,800	$1,229,659	$3,038,459

On May 30, 2015, the Board of County Commissioners accepted a loan/grant offer from USDA relating to Green Sewer with a grant amount of $3,335,000 and loan portion of $3,089,000 with terms of 2.00% interest for 40 years with the first payment representing interest being due December 1, 2016, with final payment being December 1, 2055. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$55,000	$61,780	$116,780
2019	56,200	60,680	116,880
2020	57,300	59,556	116,856
2021	58,400	58,410	116,810
2022	59,600	57,242	116,842
2023-2027	316,300	267,852	584,152
2028-2032	349,200	234,932	584,132
2033-2037	385,500	198,586	584,086
2038-2042	425,700	158,460	584,160
2043-2047	470,000	114,154	584,154
2048-2052	518,900	65,236	584,136
2053-2055	336,900	13,564	350,464
	$3,089,000	$1,350,452	$4,439,452

In August 2002, the County obtained the Bidwell Porter Sewer System OPWC Loan in the amount of $230,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2022. This loan was entered into for the purpose of constructing the Bidwell Porter Sewer System. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Bidwell Porter Sewer OPWC Loan outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	$5,750
2019	11,500
2020	11,500
2021	11,500
2022	11,500
	$51,750

In July 2008, the County obtained the Kanauga/Addison Sewer OPWC Loan in the amount of $325,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2044 in amounts of $5,417. This loan was entered into for the purpose to expand the Kanauga/Addison sewer system. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Kanauga/Addison Sewer OPWC Loan outstanding at December 31, 2017, are as follows:

Year Ended December 31,	Principal
2018	$5,417
2019	10,833
2020	10,833
2021	10,833
2022	10,833
2023-2027	54,167
2028-2032	54,167
2033-2037	54,167
2038-2042	54,167
2043-2044	16,250
	$281,667

In July 2014, the County entered into an agreement with Ohio Public Works Commission for a Grant and Loan for the purpose of the Green Sewer Sanitary Improvements project. The loan was in the amount of $600,000 at an interest rate of zero percent. As of December 31, 2017, $594,343 has been disbursed on the OPWC Loan. The loan will be retired from Sewer Enterprise Fund revenue.

The County has pledged future customer revenues, net of specified operating expenses, to repay $1,871,352 in OWDA loans issued from 2008 to 2015. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2043. Annual principal and interest payments on the loans should require less than 100 percent of net revenues in future years. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest outstanding to be paid on the loans are $1,930,142. Annual principal and interest payments on the loans are expected to require more than 100 percent of net revenues in future years. Principal and interest payments for the current year were $111,926, net revenues were $165,411 and total revenues were $734,289.

C. Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The County's total debt margin was $15,918,334 and the unvoted debt margin was $5,505,059 at December 31, 2017.

D. Conduit Debt

Pursuant to State statue, various industrial revenue bonds have been issued for private industry within the County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent obligations of the County. As of December 31, 2017, $158,155,000 of industrial revenue bonds had been issued, and $150,045,000 of those remained outstanding.

NOTE 25 - GALLIA COUNTY LANDFILL

In 1978, Gallia County established the Gallia County Sanitary Landfill. The County contracted with Greg Fields to operate the landfill when it opened. In 1991, Mid-American Waste Systems, Inc. (Mid-American) purchased Greg Field's business. At this time Gallia County operated the landfill on its own for a three month period until the County signed the lease agreement with Mid-American in June 1991. In 2001, the County signed the current lease agreement with USA Waste Services, Inc. (Waste Management). The lease agreement states that Waste Management is the operator of the landfill and that the County is to receive a portion of the landfill fees. The lease also states that Waste Management will comply with the Ohio Environmental Protection Agency (EPA) closure and post closure requirements; therefore, Waste Management is responsible for these costs unless the County does not renew the lease agreement. The EPA issued a Sub-Title D that states that landfill operators are to purchase a Final Assurance Bond for the closure and post closure costs and Waste Management has met the requirement.

The County reports its road and bridge infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments of these assets:

County Roads

The Gallia County Engineer uses a pavement management system to evaluate to condition of over 454 miles of roadway. All roads are inspected on an annual basis using the following system, and criteria consisting of current condition, last date of maintenance or resurfacing, traffic count and type.

Surface Rating	Condition Rating	Description
1	Excellent	Surface not in need of maintenance. New condition. Surface age typically 1-5 years. Older surfaces with low traffic counts and low truck traffic also in this category.
2	Good	Surface requires minor maintenance to restore to excellent condition. Generally, surfaces 6-10 years of age in this category.
3	Fair	Surface requires major maintenance to restore to excellent condition. Generally, surfaces 11-15 years of age in this category.
4	Deficient	Surface requires major maintenance to restore to excellent condition. Surfaces older than 15 years, or with high traffic counts and high truck traffic in this category.
5	Poor	Surface is no longer useable.

It is the practice of the Gallia County Engineer to maintain the county roadway system where at least 85% of the roadways will have a rating of '3 - Fair' or better.

Bridges and Large Culverts

All bridges and large culverts are inspected on an annual basis, as required by ORC. The rating system used was developed by FHWA, and entails the inspection of all components of the structure, as described in the following system.

Structure Rating	Condition Rating	Description
9	Excellent	Superior to current desirable criteria.
8	Very Good	Equal to current desirable criteria.
7	Good	Better than current minimum criteria.
6	Satisfactory	Equal to current desirable criteria.
5	Fair	Low priority for repair.
4	Poor	High priority for repair.
3	Serious	Low priority for replacement.
2	Critical	High priority for replacement.
1	Imminent Failure	Immediate repair/replacement necessary.
0	Closed	Bridge closed.

It is the practice of the Gallia County Engineer to maintain the county bridge and large culvert system where at least 80% of the structures will have a rating of '5 - Fair' or better.

The following summarizes the road and bridge conditions as of December 31, 2017, 2016, 2015, 2014, and 2013.

ROAD CONDITION 2017

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	247.70	22,982,636.16	55.80%	55.80%
GOOD	2	195.56	17,133,763.68	41.60%	97.40%
FAIR	3	11.50	1,063,201.92	2.58%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,186,254.56	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 – Fair' or better in 2017.

ROAD CONDITION 2016

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	236.34	21,983,781.60	53.38%	53.38%
GOOD	2	211.08	18,530,445.12	44.99%	98.37%
FAIR	3	7.35	665,375.04	1.62%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,186,254.56	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 – Fair' or better in 2016.

ROAD CONDITION 2015

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	229.59	21,353,655.84	51.85%	51.85%
GOOD	2	217.82	19,160,000.64	46.52%	98.37%
FAIR	3	7.35	665,375.04	1.62%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 – Fair' or better in 2015.

ROAD CONDITION 2014

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	212.90	19,872,552.48	48.25%	48.25%
GOOD	2	234.52	20,641,104.00	50.12%	98.37%
FAIR	3	7.35	665,375.04	1.62%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 - Fair' or better in 2014.

ROAD CONDITION 2013

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	203.80	18,880,398.24	45.84%	45.84%
GOOD	2	241.05	21,404,570.88	51.97%	97.81%
FAIR	3	9.91	894,062.40	2.17%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 - Fair' or better in 2013.

A comparison of total road condition for 2016, 2015, 2014, and 2013, in terms of percentage of total road miles is presented below.

Percentage of Miles in Fair or Better Condition

2017	2016	2015	2014	2013
99.98%	99.98%	99.98%	99.98%	99.98%

BRIDGE CONDITION 2017

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	9	3.25%	3.25%
VERY GOOD	8	19	6.86%	10.11%
GOOD	7	44	15.88%	25.99%
SATISFACTORY	6	91	32.85%	58.84%
FAIR	5	95	34.30%	93.14%
POOR	4	16	5.78%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

93.14% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2017.

BRIDGE CONDITION 2016

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	9	3.25%	3.25%
VERY GOOD	8	19	6.86%	10.11%
GOOD	7	44	15.88%	25.99%
SATISFACTORY	6	91	32.85%	58.84%
FAIR	5	95	34.30%	93.14%
POOR	4	16	5.78%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

93.14% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2016.

BRIDGE CONDITION 2015

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	13	4.69%	4.69%
VERY GOOD	8	30	10.83%	15.52%
GOOD	7	52	18.77%	34.30%
SATISFACTORY	6	66	23.83%	58.12%
FAIR	5	92	33.21%	91.34%
POOR	4	21	7.58%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

91.34% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2015.

BRIDGE CONDITION 2014

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	8	2.89%	2.89%
VERY GOOD	8	30	10.83%	13.72%
GOOD	7	52	18.77%	32.49%
SATISFACTORY	6	66	23.83%	56.32%
FAIR	5	94	33.94%	90.25%
POOR	4	24	8.66%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

90.25% of structures exceed the goal of 80% of structures having a rating of '5 - Fair' or better in 2014.

BRIDGE CONDITION 2013

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	4	1.44%	1.44%
VERY GOOD	8	30	10.83%	12.27%
GOOD	7	52	18.77%	31.05%
SATISFACTORY	6	66	23.83%	54.87%
FAIR	5	95	34.30%	89.17%
POOR	4	27	9.75%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

89.17% of structures exceed the goal of 80% of structures having a rating of '5 - Fair' or better in 2013.

A comparison of total bridge conditions for 2017, 2016, 2015, 2014, and 2013, in terms of percentage of bridge structures is presented below.

Percentage of Bridge Structures in Fair or Better Condition

2017	2016	2015	2014	2013
93.14%	93.14%	91.34%	90.25%	89.17%

Budgeted versus actual expenditures for combined road and bridge maintenance in 2016, 2015, 2014, 2013, and 2012 were:

	2017	2016	2015	2014	2013	2012
Budgeted	$4,463,074	$4,361,344	$4,429,444	$4,581,744	$4,220,114	$3,551,390
Actual	4,558,820	4,508,154	4,152,520	4,773,651	5,874,749	4,161,650
Difference	(95,746)	(146,810)	276,924	(191,907)	(1,654,635)	(610,260)

THIS PAGE INTENTIONALLY LEFT BLANK

Gallia County, Ohio

Required Supplementary Information

Schedule of the County's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System - Traditional Plan

Last Four Years (1)

	2017	2016	2015	2014
County's Proportion of the Net Pension Liability	0.07229004%	0.07510800%	0.07841440%	0.07841440%
County's Proportionate Share of the Net Pension Liability	$16,415,839	$13,009,651	$9,457,652	$9,244,037
County's Covered Payroll	$9,547,766	$9,115,196	$9,328,120	$9,102,506
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.93%	142.72%	101.39%	101.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

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

* Amounts presented for each year were determined as of the County's measurement date which is the prior year end.

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

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
County's Proportion of the Net Pension Liability	0.00404990%	0.00451146%	0.00506864%	0.00475369%	0.00475369%
County's Proportionate Share of the Net Pension Liability	$962,062	$1,510,122	$1,400,824	$1,156,262	$1,377,332
County's Covered Payroll	$496,943	$519,271	$528,829	$523,054	$529,915
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.60%	290.82%	264.89%	221.06%	259.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

Gallia County, Ohio

Required Supplementary Information

Schedule of County Contributions

Ohio Public Employees Retirement System - Traditional Plan

Last Five Years (1)

	2017	2016	2015	2014	2013
Contractually Required Contribution	$1,282,704	$1,189,572	$1,131,895	$1,156,715	$1,221,964
Contributions in Relation to the Contractually Required Contribution	(1,282,704)	(1,189,572)	(1,131,895)	(1,156,715)	(1,221,964)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered Payroll	$9,495,447	$9,547,766	$9,115,196	$9,328,120	$9,102,506
Contributions as a Percentage of Covered Payroll	13.51%	12.46%	12.42%	12.40%	13.42%

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

Gallia County, Ohio

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

	2017	2016	2015	2014
Contractually Required Contribution	$49,257	$69,572	$72,698	$69,885
Contributions in Relation to the Contractually Required Contribution	(49,257)	(69,572)	(72,698)	(69,885)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$351,836	$496,943	$519,271	$514,815
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.57%

2013	2012	2011	2010	2009	2008
$68,889	$74,562	$71,705	$81,253	$86,365	$96,595
(68,889)	(74,562)	(71,705)	(81,253)	(86,365)	(96,595)
$0	$0	$0	$0	$0	$0
$529,915	$573,554	$551,577	$625,023	$664,346	$743,038
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Changes in Assumptions - OPERS

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

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

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

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions - STRS

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

	2017	2016 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For 2017 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For 2016 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 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 no set back from age 90 and above.

THIS PAGE INTENTIONALLY LEFT BLANK

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

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2017	0	$6,065
		2018	0	4,225
Total School Breakfast Program			0	10,290
National School Lunch Program	10.555	2017	0	9,910
		2018	0	6,467
Total National School Lunch Program			0	16,377
Total Child Nutrition Cluster			0	26,667
Passed through Ohio Department of Job and Family Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5513	7,142	122,401
		G-1819-11-5740	0	34,932
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			7,142	157,333
Passed through Ohio Department of Natural Resources				
Schools and Roads - Grants to States	10.665	N/A	0	4,681
Direct from Federal Government				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	0	72,382
Emergency Watershed Protection Program	10.923	N/A	0	202,858
Total U.S. Department of Agriculture			7,142	463,921
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Ohio Department of Development				
Community Development Block Grant - State's Program				
Community Housing Improvement Program	14.228	B-C-15-1AY-1	0	88,116
Community Development Grant Program		B-F-16-1AY-1	0	90,000
		B-F-17-1AY-1	0	56,147
Total Community Development Block Grant - State's Program			0	234,263
Home Investment Partnerships Program				
Community Housing Improvement Program	14.239	B-C-15-1AY-2	0	207,203
Total U.S. Department of Housing and Urban Development			0	441,466
U.S. DEPARTMENT OF THE INTERIOR				
Direct from Federal Government				
Payments in Lieu of Taxes	15.226	N/A	0	25,478
Passed through Ohio Department of Natural Resources				
National Forest Acquired Lands	15.438	N/A	0	29,810
Total U.S. Department of the Interior			0	55,288
U.S. DEPARTMENT OF JUSTICE				
Passed through the Ohio Attorney Generals Office				
Crime Victim Assistance	16.575	2018-VOCA-109854494	0	11,389
Direct from Federal Government				
Bulletproof Vest Partnership Program	16.607	N/A	0	2,620
Passed through the Ohio Department of Public Safety - Office of Criminal Justice Services				
Edward Byrne Justice Assistance Grant Formula Program	16.738	2016-JG-LLE-5214	0	9,996
Total U.S. Department of Justice			0	24,005
U.S. DEPARTMENT OF LABOR				
Passed Through Workforce Investment Act Area 7				
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A	0	3,000
Workforce Investment Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	N/A	0	65,412
WIOA Youth Activities	17.259		19,923	93,066
WIOA Dislocated Worker Formula Grants	17.278		0	147,985
Total Workforce Investment Opportunity Act (WIOA) Cluster			19,923	306,463
Total U.S. Department of Labor			19,923	309,463

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

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction	20.205	PID103460	0	7,210
		PID103470	0	77,670
Total Highway Planning and Construction			0	84,880
Passed Through Ohio Department of Public Safety				
State and Community Highway Safety	20.600	N/A	0	782
Repeat Offenders for Driving While Intoxicated	20.608	N/A	0	947
Total U.S. Department of Transportation			0	86,609
APPALACHIAN REGIONAL COUNCIL				
Direct from Federal Government				
Appalachian Regional Development	23.001	N/A	0	250,000
Total Appalachian Regional Council			0	250,000
U.S. DEPARTMENT OF EDUCATION				
Passed through Ohio Department of Education				
Special Education Cluster (IDEA):				
Special Education-Grants to States (IDEA, Part B)	84.027	2017	0	26,601
		2018	0	6,702
Total Special Education-Grants to States (IDEA, Part B)			0	33,303
Special Education-Preschool Grants (IDEA Preschool)	84.173	2017	0	10,956
		2018	0	2,392
Total Special Education-Preschool Grants (IDEA Preschool)			0	13,348
Total Special Education Cluster (IDEA)			0	46,651
Total U.S. Department of Education			0	46,651
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Job and Family Services				
Promoting Safe and Stable Families	93.556	G-1617-11-5513	0	6,598
		G-1819-11-5741	0	816
Total Promoting Safe and Stable Families				7,414
Temporary Assistance for Needy Families	93.558	G-1617-11-5513	2,152,243	2,772,864
		G-1819-11-5740	18,653	154,922
Total Temporary Assistance for Needy Families			2,170,896	2,927,786
Child Support Enforcement	93.563	G-1617-11-5513	0	487,323
		G-1819-11-5740	0	132,851
Total Child Support Enforcement			0	620,174
Child Care and Development Block Grant	93.575	G-1617-11-5513	0	40,612
		G-1819-11-5740	0	26,267
Total Child Care and Development Block Grant			0	66,879
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5513	0	25,538
Foster Care Title IV-E	93.658	G-1617-11-5513	0	100,489
		G-1819-11-5741	0	20,627
Total Foster Care Title IV-E			0	121,116
Adoption Assistance	93.659	G-1617-11-5513	0	88,175
		G-1819-11-5741	0	28,528
Total Adoption Assistance			0	116,703
Children's Health Insurance Program	93.767	G-1617-11-5513	0	166,260
Medical Assistance Program	93.778	G-1617-11-5513	0	1,239,754
		G-1819-11-5740	0	423,083
Total Medical Assistance Program			0	1,662,837
Passed Through Ohio Department of Job and Family Services				
Social Services Block Grant	93.667	G-1617-11-5513	155,216	155,494
		G-1819-11-5740	17,368	17,368
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	N/A	0	26,732
Total Social Services Block Grant			172,584	199,594
Total U.S. Department of Health and Human Services			2,343,480	5,914,301

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Ohio Department of Public Safety - Emergency Management Agency				
Emergency Management Performance Grants	97.042	EMC-2016-EP-00003-S01	0	20,301
		EMC-2017-EP-00006-S01	0	19,648
Total Emergency Management Performance Grants			0	39,949
Total U.S. Department of Homeland Security			0	39,949
Total Expenditures of Federal Awards			**$2,370,545**	**$7,631,653**

The accompanying notes are an integral part of this Schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following 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 Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE D - CHILD NUTRITION CLUSTER

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

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

The current cash balance on the County's local program income account as of December 31, 2017 is $66,768.

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.

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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

53 Johnson Road, The Plains, Ohio 45780-1231
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110
www.ohioauditor.gov

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

September 20, 2018

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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Report on Compliance for each Major Federal Program

We have audited Gallia County's, Ohio (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 County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Programs

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

53 Johnson Road, The Plains, Ohio 45780-1231
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110
www.ohioauditor.gov

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

Dave Yost
Auditor of State
Columbus, Ohio

September 20, 2018

GALLIA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Temporary Assistance for Needy Families – CFDA # 93.558 Child Support Enforcement – CFDA # 93.563
(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

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

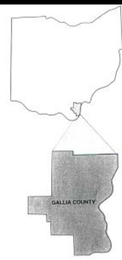
None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Gallia County Commissioners

Gallia County Courthouse
18 Locust Street - Room 1292
Gallipolis, Ohio 45631
Ph: 740.446.4612, Ext 1227
Fax: 740.446.4804
Email: gcboc@gallianet.net
Website: www.gallianet.net



David K. Smith, President
Brent Saunders, Vice-President
Harold G. Montgomery, Commissioner

Office Staff:
Karen Sprague, County Administrator
Anette L. Brown, Clerk to the Board
Megan Saunders, Assistant Clerk

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Noncompliance/Finding for Recovery for salary overpayments. This finding was repaid or resolved under audit.	Fully Corrected	

GALLIA 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 4, 2018