WASHINGTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

WASHINGTON COUNTY
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Washington County
205 Putnam Street
Marietta, Ohio 45750

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Washington County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Motor Vehicle and Gasoline Tax Fund, Board of Developmental Disabilities Fund, County Home Fund, Job and Family Services Fund, ad Mental Health and Addiction Recovery Board Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, Condition Assessment of County Infrastructure Reported Using the Modified Approach, and the Schedule of Net Pension Asset, Schedules of Net Pension and Other Post-Employment Benefit Liabilities, and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary 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 derive**s** from and relate**s** 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 10, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2019

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The discussion and analysis of Washington County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the County's financial performance as a whole. 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 2018 are as follows:

- In total, net position increased $3,907,247. Net position of governmental activities increased $4,211,089 from 2017. Net position of the business-type activity decreased $303,842 from 2017.

- At the end of the current year, the County reported a deficit in unrestricted net position for governmental activities of $23,630,940.

- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $34,001,299, an increase of $3,602,140 from the prior year.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds. Non-major funds are presented separately from major funds in total and in one column.

County-Wide Financial Statements

The County-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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 2018?" The Statement of Net Position and the Statement of Activities answer this question.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. The statement of activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The 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 diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the statement of net position and the statement of activities, the County is divided into three kinds of activities:

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's Sewer system is reported here.

Discretely Presented Component Unit - The County's financial statements include financial data of the Southeastern Ohio Port Authority (See note 25). This component unit is described in the notes to the financial statements. Component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or projects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities, County Home, Job and Family Services, and Mental Health and Addiction Recovery Board Special Revenue Funds.

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

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

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

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Internal Service Fund was used to account for the operation of the County's workers' compensation program through a retrospective rating plan. The County discontinued using this plan starting in 2009.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information relating to the modified approach to reporting infrastructure.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$56,543,888	$51,183,029	$335,511	$515,421	$56,879,399	$51,698,450
Capital Assets, Net	157,424,051	155,578,948	6,525,253	6,790,898	163,949,304	162,369,846
Totals Assets	213,967,939	206,761,977	6,860,764	7,306,319	220,828,703	214,068,296
Deferred Outflows of Resources						
Pension	5,849,025	13,640,227	0	0	5,849,025	13,640,227
OPEB	1,189,372	208,585	0	0	1,189,372	208,585
Totals Deferred Outflows of Resources	7,038,397	13,848,812	0	0	7,038,397	13,848,812
Liabilities						
Current and Other Liabilities	3,778,395	3,452,638	114,274	97,482	3,892,669	3,550,120
Long-Term Liabilities						
Due Within One Year	295,843	447,442	102,181	105,525	398,024	552,967
Due Within More Than One Year:						
Net Pension Liability	23,537,642	35,680,392	0	0	23,537,642	35,680,392
Net OPEB Liability	15,172,279	15,154,608	0	0	15,172,279	15,154,608
Other Amounts	2,062,077	2,683,833	2,539,274	2,694,435	4,601,351	5,378,268
Total Liabilities	44,846,236	57,418,913	2,755,729	2,897,442	47,601,965	60,316,355
Deferred Inflows of Resources						
Property Taxes	12,576,420	11,631,113	0	0	12,576,420	11,631,113
Pension	6,724,898	783,206	0	0	6,724,898	783,206
OPEB	1,870,136	0	0	0	1,870,136	0
Total Deferred Inflows of Resources	21,171,454	12,414,319	0	0	21,171,454	12,414,319
Net Position						
Net Investment in Capital Assets	155,512,675	152,905,345	3,885,089	3,991,322	159,397,764	156,896,667
Restricted	23,106,911	20,376,127	0	0	23,106,911	20,376,127
Unrestricted (Deficits)	(23,630,940)	(22,503,915)	219,946	417,555	(23,410,994)	(22,086,360)
Total Net Position	$154,988,646	$150,777,557	$4,105,035	$4,408,877	$159,093,681	$155,186,434

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the County adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

For reasons discussed below, 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension/OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the County's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB (asset) liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the County is reporting a net OPEB liability (asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($165,723,580) to ($150,777,557).

As mentioned previously, net position increased $3,907,247. Overall total assets increased $6,760,407. In the governmental activities, net capital assets increased $1,845,103 from the prior year primarily due to bridge replacements. Sales tax receivable, materials and supplies, and prepaid items had increases of $306,330, $112,504, and $185,901, respectively. Property taxes receivable increased $1,029,036 due to continuing effects from the reappraisal and the new tax levies. Cash increased $4,044,553 from 2017. Payments in lieu of taxes receivable increased by $22,650 due to a new tax incentive financing agreement. In 2018, the County recorded a net pension asset and a net OPEB asset in the amounts of $167,529 and $87,658, respectively. Increases were also recorded in accounts receivable, accrued interest receivable, and cash in segregated accounts in the amounts of $22,148, $2,684, and $1,277, respectively. Intergovernmental receivables experienced a decrease in the amount of $522,226 primarily due to a decrease in community development block grants receivable, as the County is in the second year of the two year grant cycle. Internal balances decreased by $99,185 largely due the first payment being made on the sewer loan. The significant decrease in total deferred outflow of resources in 2018 was due to a decrease in the difference between projected and actual earnings on investments related to the County's net pension and net OPEB liabilities for OPERS. The County had increases in several liabilities. Accounts payable increased $60,704. Contracts payable increased $93,723. Accrued wages, intergovernmental payables, and matured compensated absences payable also increased $40,347, $213,278, and $3,755, respectively. Leave benefits payable and retainage payable decreased $80,353 and $4,965, respectively. The net pension liability decreased by $12,142,750 while the net OPEB liability increased $17,671. The net pension and net OPEB liabilities represent the County's proportionate share of the OPERS traditional and combined plans' unfunded benefits. As indicated above, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB liabilities.

The business-type activity had a decrease in total assets of $445,555. Cash decreased $293,089. Capital assets also decreased by $265,645. Special assessments receivable, internal balances, and accounts receivable increased by $13,234, $99,185, and $1,798, respectively. The business-type activity also had a decrease in total liabilities of $141,713. Intergovernmental payables increased in the amount of $11,962. Amounts due within more than one year had a decrease of $155,161.

Table 2 shows the changes in net position for 2018 compared to 2017:

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
Revenues	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	$7,330,992	$6,864,513	$993,327	$970,843	$8,324,319	$7,835,356
Operating Grants, Contributions, and Interest	20,650,884	19,072,030	0	0	20,650,884	19,072,030
Capital Grants, Contributions, and Interest	1,839,376	2,339,392	0	0	1,839,376	2,339,392
Total Program Revenues	29,821,252	28,275,935	993,327	970,843	30,814,579	29,246,778
General Revenues:						
Property Taxes	11,704,750	11,085,223	0	0	11,704,750	11,085,223
Payments in Lieu of Taxes	22,650	0	0	0	22,650	0
Permissive Sales Taxes	13,166,201	13,011,776	0	0	13,166,201	13,011,776
Intergovernmental	1,930,262	2,471,643	0	0	1,930,262	2,471,643
Gain on Sale of Capital Assets	4,835	15,299	0	0	4,835	15,299
Interest	401,809	244,151	0	0	401,809	244,151
Miscellaneous	1,089,018	927,218	9,783	2,469	1,098,801	929,687
Total General Revenues	28,319,525	27,755,310	9,783	2,469	28,329,308	27,757,779
Transfers	0	1,892	0	(1,892)	0	0
Total Revenues and Transfers	58,140,777	56,033,137	1,003,110	971,420	59,143,887	57,004,557
Program Expenses						
General Government:						
Legislative and Executive	6,851,514	8,091,849	0	0	6,851,514	8,091,849
Judicial	2,896,756	3,010,616	0	0	2,896,756	3,010,616
Public Safety	11,732,932	12,962,328	0	0	11,732,932	12,962,328
Public Works	7,146,629	5,880,188	0	0	7,146,629	5,880,188
Health:						
Alcohol, Drug, and Mental Health	1,277,127	1,139,775	0	0	1,277,127	1,139,775
Board of Developmental Disabilities	7,229,432	7,161,063	0	0	7,229,432	7,161,063
County Home	2,612,708	2,736,265	0	0	2,612,708	2,736,265
Other Health	372,148	307,143	0	0	372,148	307,143
Human Services:						
Child Support Enforcement	885,306	1,043,668	0	0	885,306	1,043,668
Children Services	3,847,287	4,235,955	0	0	3,847,287	4,235,955
Job and Family Services	5,818,694	6,025,469	0	0	5,818,694	6,025,469
Senior Services	1,258,566	1,323,498	0	0	1,258,566	1,323,498
Other Human Services	706,262	653,769	0	0	706,262	653,769
Economic Development and Assistance	809,462	794,988	0	0	809,462	794,988
Intergovernmental	427,164	473,469	0	0	427,164	473,469
Interest and Fiscal Charges	57,701	68,233	0	0	57,701	68,233
Sewer	0	0	1,306,952	1,007,822	1,306,952	1,007,822
Total Program Expenses	53,929,688	55,908,276	1,306,952	1,007,822	55,236,640	56,916,098
Net Increase (Decrease) in Net Position	4,211,089	124,861	(303,842)	(36,402)	3,907,247	88,459
Net Position Beginning of Year	150,777,557	N/A	4,408,877	4,445,279	155,186,434	N/A
Net Position End of Year	$154,988,646	$150,777,557	$4,105,035	$4,408,877	$159,093,681	$155,186,434

Governmental Activities

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $208,585 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $843,025. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental
Total 2018 program expenses under GASB 75	$55,929,688
Negative OPEB expense under GASB 75	(843,025)
2018 contractually required contribution	23,663
Adjusted 2018 program expenses	55,110,326
Total 2017 program expenses under GASB 45	55,908,276
Decrease in program expenses not related to OPEB	($797,950)

The operating grants, contributions, and interest category of program revenues were the largest program revenues, accounting for $20,650,884 or 35.5 percent of total governmental activities revenues. The major recipients of intergovernmental program revenues were the Job and Family Services, Mental Health, Engineer's office, Road Projects, Board of Developmental Disabilities, Child Support Enforcement Agency, and Children Services governmental activities. This category of program revenues consists of grants, entitlements, interest earned on restricted monies, motor vehicle license taxes, and gasoline excise taxes.

Property tax revenues account for $11,704,750 or 20.1 percent of total governmental activities revenues. Another major component of governmental activities revenues was permissive sales taxes, which accounted for $13,166,201 or 22.6 percent of total revenues.

The County's direct charges to users of governmental services made up $7,330,992 or 12.6 percent of total governmental activities revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Health programs accounted for $11,491,415, or 21.3 percent of total expenses for governmental activities. The County Home program expenses decreased $123,557. Alcohol, Drug, and Mental Health expenses increased $137,352 in 2018 from 2017. The differences are primarily due to the timing of when funds were received and expended versus the prior year, as well as a decrease in net pension liability and the addition of net OPEB liability.

Other major program expenses for governmental activities include human service programs, which accounted for $12,516,115, or 23.2 percent of total expenses. Children Services had a decrease of $388,668 due to the timing of when funds were received and expended versus the prior year, as well as a decrease in net pension liability. Job and family services had a decrease of $206,775. Child support enforcement had a decrease of $158,362. The differences are primarily due to the timing of when funds were received and expended versus the prior year, as well as a decrease in net pension liability and the addition of net OPEB liability.

Public works expenditures increased $1,266,441, primarily due to increased spending on materials and labor for road and landslip repairs.

Public safety program expenses decreased $1,229,396 in 2018 from 2017. According to the County Sheriff, expenses for the replacement of a significant portion of the rolling stock and new equipment for the county jail which occurred in 2017 were not repeated in 2018, causing a decrease in expenses.

Legislative and executive program expenses decreased $1,240,335 primarily due to the County returning real estate assessment collections to the taxing authorities in the County due to the sexennial revaluation in 2017 and not in 2018.

Economic Development and Assistance expenses increased $14,474 in 2018 from 2017. This increase is primarily attributable to the timing of when grant revenues such as CHIP and CDBG are received and distributed.

Business-Type Activity

The net position for business-type activities decreased $303,842 during 2018. Charges for services accounted for $993,327, or 99 percent of revenues. This increased $22,484 from 2017. Sewer enterprise expenses increased $299,130 from 2017.

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

Table 3
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
General Government:				
Legislative and Executive	$6,851,514	$3,217,347	$8,091,849	$4,932,460
Judicial	2,896,756	1,299,467	3,010,616	1,114,441
Public Safety	11,732,932	10,382,068	12,962,328	11,649,181
Public Works	7,146,629	(1,295,086)	5,880,188	(867,719)
Health:				
Alcohol, Drug, and Mental Health	1,277,127	(106,735)	1,139,775	88,315
Board of Developmental Disabilities	7,229,432	3,863,184	7,161,063	3,510,637
County Home	2,612,708	2,027,020	2,736,265	2,109,296
Other Health	372,148	151,467	307,143	102,791
Human Services:				
Child Support Enforcement	885,306	(93,047)	1,043,668	8,471
Children Services	3,847,287	1,657,878	4,235,955	1,875,714
Job and Family Services	5,818,694	402,277	6,025,469	718,858
Senior Services	1,258,566	1,027,656	1,323,498	1,073,462
Other Human Services	706,262	691,678	653,769	640,734
Economic Development and Assistance	809,462	776,815	794,988	497,344
Intergovernmental	427,164	48,746	473,469	110,123
Interest and Fiscal Charges	57,701	57,701	68,233	68,233
Total Expenses	$53,929,688	$24,108,436	$55,908,276	$27,632,341

Charges for services, operating grants, and capital grants of $29,821,252 or 55.3 percent of the total costs of services, are received and used to fund governmental activities' program expenses of the County.

Remaining governmental activities expenses are funded by property taxes, permissive sales taxes, unrestricted intergovernmental revenues, gains on the sale of capital assets, interest, and miscellaneous revenues.

The ($1,295,086), ($93,407), and ($106,735) net costs of public works, child support enforcement, and alcohol, drug, and mental health shows that the programs are self-supporting, and did not require general revenues for 2018 operations.

The $6,041,671 in net cost of services for health expenses demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for programs including the Board of Developmental Disabilities and the County Home.

Financial Analysis of County Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of December 31, 2018, the County's governmental funds reported a combined ending fund balance of $34,001,299, an increase of $3,602,140 in comparison with the prior year. Of that total ending fund balance, $1,259,910 is nonspendable, $18,362,451 is restricted, $955,631 is committed, $476,462 is assigned, and $12,946,845 is unassigned, as defined in GASB Statement No. 54.

The General Fund is the primary operating fund of the County. At the end of 2018, the unassigned fund balance was $13,077,557, while total fund balance was $14,158,515. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62.6 percent to total General Fund expenditures, while total fund balance represents 67.7 percent of that same amount. The County's General Fund balance increased $941,730 during 2018.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund increased $121,047 during 2018 due primarily to an increase in intergovernmental revenues.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund increased $154,049 during 2018. After consulting with the Board Business Director, it was determined that this was due to continued effects of the privatization of WASCO. During 2018, the Board also discontinued their Opportunity for Ohioans with Disabilities (OOD) program and eliminated a classroom, which resulted in a reduction in revenues and expenses.

The fund balance of the County Home Special Revenue Fund increased $492,280 during 2018. According to the County Home Administrator, this increase is due to the continued effect from property tax revenue and continued scrutiny of overall expenses.

The fund balance of the Job and Family Services Special Revenue Fund decreased $73,750 during 2018, primarily due to the timing of when expenses and revenues were recorded in comparison to the prior year.

The fund balance of the Mental Health and Addiction Recovery Board Special Revenue Fund increased $909,754 during 2018, primarily due to revenues from the new levy that started in 2017.

As of December 31, 2018, net position for the County's enterprise fund was $4,105,035. Of that total, $219,946 represents unrestricted net position.

Budgetary 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 Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.

For the General Fund, budget basis revenue was $23,294,286, below final estimates of $23,370,589. Final estimated revenues were above original estimates of $21,983,825, primarily due to an increase of $761,911 in charges for services, $167,517 in intergovernmental revenue, and $76,489 in interest revenue. Actual expenditures for the year were $22,002,744, under final appropriations of $23,237,999. All expenditure programs experienced spending under budget in 2018. The original appropriations were increased $1,333,491; all programs, except for economic development and assistance, were increased from original to final.

Capital Assets and Debt Administration

Capital Assets - The County's capital assets for governmental and business-type activities as of December 31, 2018, were $163,949,304 (net of accumulated depreciation). This includes land and land improvements, buildings and improvements, machinery and equipment, furniture and fixtures, infrastructure, and vehicles.

For governmental activities, the most significant capital asset additions during 2018 included the purchase of the former Chase bank building, a Kobelco excavator for the highway department, and two portable traffic lights. Several vehicles were bought for the Sheriff's office and the highway garage.

The County uses the modified approach to present county roads and bridges (infrastructure). Disclosures about the condition assessments and maintenance costs regarding the County's infrastructure can be found in the Required Supplementary Information.

Note 10 (Capital Assets) provides capital asset activity during 2018.

Debt Administration - As of December 31, 2018, the County had total bonded debt outstanding of $1,667,637. All of this debt will be repaid through governmental activities. The County's long-term general obligation bonded debt decreased $396,266 during 2018. Other governmental outstanding long-term debt consists of capital leases of $212,434. The business-type activity had outstanding debt consisting of OPWC loans of $507,674, OWDA Loans of $1,500,990, and an FHA loan of $631,500.

In addition, the County's long-term obligations include compensated absences for sick leave benefits, net pension liability, and net OPEB liability. Additional information on the County's long-term obligations can be found in Notes 15 and 16 of this report.

Economic Factors

The unemployment rate for the County is currently 4.3 percent, which is a decrease from 5.7 percent a year ago. This rate is equal to the State's current rate of 4.3 percent and more than the current national rate of 3.6 percent. The level of unemployment moving down versus the prior year follows the trend at the state and national levels of reduced unemployment as a result of an improving economy and job market.

The County's $1.566 billion tax base is stable and up from the $1.485 billion value from the prior year. Valuations increased in the aggregate for the year and are at an all-time high.

The County's permissive sales tax revenues in governmental activities dropped from 2017 to 2018 with a reduction of 1.28% on a cash basis, exceeding estimates. The cause of the better than anticipated revenues is unknown as the increases were spread across various classifications of revenues.

Various economic factors were considered in the preparation of the County's 2018 budget. Appropriate measures will continue to be taken to ensure spending is within available resources.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Matthew Livengood, Washington County Auditor, 205 Putnam Street, Marietta, Ohio 45750.

Washington County, Ohio
Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	Southeastern Ohio Port Authority
Assets				
Equity in Pooled Cash and Cash Equivalents	$31,242,641	$317,074	$31,559,715	$0
Cash and Cash Equivalents	0	0	0	251,756
Cash and Cash Equivalents in Segregated Accounts	75,487	0	75,487	0
Sales Taxes Receivable	3,553,295	0	3,553,295	0
Accounts Receivable	60,897	90,623	151,520	39,127
Payments in Lieu of Taxes Receivable	22,650	0	22,650	0
Intergovernmental Receivable	6,179,180	0	6,179,180	0
Internal Balances	259,906	(259,906)	0	0
Accrued Interest Receivable	13,053	0	13,053	0
Prepaid Items	429,658	883	430,541	2,760
Special Assessments Receivable	0	186,837	186,837	0
Property Taxes Receivable	13,724,040	0	13,724,040	0
Materials and Supplies Inventory	727,894	0	727,894	0
Non-Depreciable Capital Assets	141,553,869	379,120	141,932,989	124,950
Depreciable Capital Assets, Net	15,870,182	6,146,133	22,016,315	1,961,175
Net Pension Asset	167,529	0	167,529	0
Net OPEB Asset	87,658	0	87,658	0
Total Assets	213,967,939	6,860,764	220,828,703	2,379,768
Deferred Outflows of Resources				
Pension	5,849,025	0	5,849,025	19,278
OPEB	1,189,372	0	1,189,372	4,475
Total Deferred Outflows of Resources	7,038,397	0	7,038,397	23,753
Liabilities				
Accounts Payable	875,206	16,398	891,604	810
Contracts Payable	138,404	0	138,404	0
Accrued Wages Payable	824,185	2,512	826,697	0
Matured Compensated Absences Payable	28,889	0	28,889	0
Leave Benefits Payable	1,121,538	3,894	1,125,432	2,326
Intergovernmental Payable	786,689	73,609	860,298	39,998
Accrued Interest Payable	3,484	17,861	21,345	957
Long-Term Liabilities:				
Due Within One Year	295,843	102,181	398,024	30,932
Due In More Than One Year:				
Net Pension Liability (See Note 12)	23,537,642	0	23,537,642	45,338
Net OPEB Liability (See Note 13)	15,172,279	0	15,172,279	60,812
Other Amounts Due In More Than One Year	2,062,077	2,539,274	4,601,351	355,719
Total Liabilities	44,846,236	2,755,729	47,601,965	536,892
Deferred Inflows of Resources				
Property Taxes	12,576,420	0	12,576,420	0
Pension	6,724,898	0	6,724,898	13,647
OPEB	1,870,136	0	1,870,136	4,530
Total Deferred Inflows of Resources	21,171,454	0	21,171,454	18,177
Net Position				
Net Investment in Capital Assets	155,512,675	3,885,089	159,397,764	1,703,155
Restricted for:				
Capital Projects	690,782	0	690,782	0
Debt Service	527,135	0	527,135	0
Road and Bridge Projects	6,262,065	0	6,262,065	0
Mental Health	2,034,842	0	2,034,842	0
County Home	4,120,198	0	4,120,198	0
Developmental Disabilities	4,585,281	0	4,585,281	0
Real Estate Assessment	1,297,392	0	1,297,392	0
Child Support Enforcement	819,063	0	819,063	0
Urban Transportation	105,839	0	105,839	0
Children Services	95,122	0	95,122	0
Board of Elections	9,511	0	9,511	0
Disaster Services	159,419	0	159,419	0
Dog and Kennel	206,105	0	206,105	0
Marriage Licenses	1,018	0	1,018	0
Court and Corrections	806,801	0	806,801	0
Sheriff Operations	134,435	0	134,435	0
911 Operations	551,769	0	551,769	0
Economic Development	268,816	0	268,816	0
Senior Services	328,960	0	328,960	0
Unclaimed Monies	102,358	0	102,358	0
Unrestricted (Deficit)	(23,630,940)	219,946	(23,410,994)	145,297
Total Net Position	$154,988,646	$4,105,035	$159,093,681	$1,848,452

See accompanying notes to the basic financial statements

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

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$6,851,514	$3,533,812	$100,355	$0
Judicial	2,896,756	1,421,960	175,329	0
Public Safety	11,732,932	1,114,926	235,938	0
Public Works	7,146,629	147,971	6,454,368	1,839,376
Health:				
Alcohol, Drug, and Mental Health	1,277,127	0	1,383,862	0
Board of Developmental Disabilities	7,229,432	268,723	3,097,525	0
County Home	2,612,708	383,265	202,423	0
Other Health	372,148	220,681	0	0
Human Services:				
Child Support Enforcement	885,306	55,948	922,405	0
Children Services	3,847,287	5,608	2,183,801	0
Job and Family Services	5,818,694	162,065	5,254,352	0
Senior Services	1,258,566	1,449	229,461	0
Other Human Services	706,262	14,584	0	0
Economic Development and Assistance	809,462	0	32,647	0
Intergovernmental	427,164	0	378,418	0
Interest and Fiscal Charges	57,701	0	0	0
Total Governmental Activities	53,929,688	7,330,992	20,650,884	1,839,376
Business-Type Activity				
Sewer	1,306,952	993,327	0	0
Total Primary Government	$55,236,640	$8,324,319	$20,650,884	$1,839,376
Component Units				
Southeastern Ohio Port Authority	$303,442	$105,506	$145,197	$0

General Revenues
Property Taxes Levied for:
General Purposes
Mental Health
County Home
Board of Developmental Disabilities
Children Services
Senior Services
Bond Retirement
911
Sales Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Payments in Lieu of Taxes
Gain on Sale of Capital Assets
Interest
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated - See Notes 3 and 25

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activity	Total	Southeastern Ohio Port Authority
($3,217,347)	$0	($3,217,347)	$0
(1,299,467)	0	(1,299,467)	0
(10,382,068)	0	(10,382,068)	0
1,295,086	0	1,295,086	0
106,735	0	106,735	0
(3,863,184)	0	(3,863,184)	0
(2,027,020)	0	(2,027,020)	0
(151,467)	0	(151,467)	0
93,047	0	93,047	0
(1,657,878)	0	(1,657,878)	0
(402,277)	0	(402,277)	0
(1,027,656)	0	(1,027,656)	0
(691,678)	0	(691,678)	0
(776,815)	0	(776,815)	0
(48,746)	0	(48,746)	0
(57,701)	0	(57,701)	0
(24,108,436)	0	(24,108,436)	0
0	(313,625)	(313,625)	0
(24,108,436)	(313,625)	(24,422,061)	0
0	0	0	(52,739)
3,186,840	0	3,186,840	0
744,216	0	744,216	0
2,264,123	0	2,264,123	0
3,559,801	0	3,559,801	0
111,426	0	111,426	0
1,032,697	0	1,032,697	0
325,622	0	325,622	0
480,025	0	480,025	0
13,166,201	0	13,166,201	0
1,930,262	0	1,930,262	0
22,650	0	22,650	0
4,835	0	4,835	0
401,809	0	401,809	5
1,089,018	9,783	1,098,801	39,127
28,319,525	9,783	28,329,308	39,132
4,211,089	(303,842)	3,907,247	(13,607)
150,777,557	4,408,877	155,186,434	1,862,059
$154,988,646	$4,105,035	$159,093,681	$1,848,452

Washington County, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities
Assets			
Equity in Pooled Cash and Cash Equivalents	$11,861,879	$2,915,328	$4,554,169
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	102,358	0	0
Materials and Supplies Inventory	81,087	619,402	6,057
Receivables:			
Property Taxes	3,843,031	0	4,151,838
Sales Taxes	3,553,295	0	0
Accounts	29,224	0	2,535
Payments in Lieu of Taxes	0	0	0
Intergovernmental	929,796	3,070,880	555,957
Interfund	65,579	0	4,800
Accrued Interest	0	0	0
Prepaid Items	262,620	28,914	48,784
Total Assets	$20,728,869	$6,634,524	$9,324,140
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$227,905	$39,316	$96,264
Contracts Payable	0	138,404	0
Accrued Wages Payable	389,257	60,148	107,840
Matured Compensated Absences Payable	0	0	28,889
Leave Benefits Payable	0	0	5,081
Interfund Payable	11,122	795	0
Intergovernmental Payable	201,518	28,967	391,760
Total Liabilities	829,802	267,630	629,834
Deferred Inflows of Resources			
Property Taxes	3,549,173	0	3,846,694
Unavailable Revenue	2,191,379	2,178,110	736,325
Total Deferred Inflows of Resources	5,740,552	2,178,110	4,583,019
Fund Balances			
Nonspendable	446,065	648,316	54,841
Restricted	0	3,540,468	4,056,446
Committed	158,431	0	0
Assigned	476,462	0	0
Unassigned	13,077,557	0	0
Total Fund Balances	14,158,515	4,188,784	4,111,287
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$20,728,869	$6,634,524	$9,324,140

See accompanying notes to the basic financial statements

County Home	Job and Family Services	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
$3,982,350	$198,789	$1,620,759	$5,898,487	$31,031,761
0	0	0	75,487	75,487
0	0	0	0	102,358
12,546	5,588	0	3,214	727,894
1,969,307	0	855,789	2,904,075	13,724,040
0	0	0	0	3,553,295
0	0	59	29,079	60,897
0	0	0	22,650	22,650
85,031	116,346	382,255	1,038,915	6,179,180
1,200	3,522	0	264,429	339,530
0	0	0	13,053	13,053
14,171	15,960	31,194	28,015	429,658
$6,064,605	$340,205	$2,890,056	$10,277,404	$56,259,803
$17,577	$96,159	$33,451	$364,534	$875,206
0	0	0	0	138,404
57,820	90,469	11,465	107,186	824,185
0	0	0	0	28,889
0	0	0	0	5,081
24,816	6,643	8,288	27,960	79,624
26,904	67,627	7,432	62,481	786,689
127,117	260,898	60,636	562,161	2,738,078
1,773,370	0	769,419	2,637,764	12,576,420
280,968	63,309	301,709	1,192,206	6,944,006
2,054,338	63,309	1,071,128	3,829,970	19,520,426
26,717	21,548	31,194	31,229	1,259,910
3,856,433	0	1,727,098	5,182,006	18,362,451
0	0	0	797,200	955,631
0	0	0	0	476,462
0	(5,550)	0	(125,162)	12,946,845
3,883,150	15,998	1,758,292	5,885,273	34,001,299
$6,064,605	$340,205	$2,890,056	$10,277,404	$56,259,803

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

Total Governmental Fund Balances		$34,001,299
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.		157,424,051
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	1,147,620	
Payments in Lieu of Taxes	22,650	
Sales Taxes	1,299,936	
Intergovernmental	4,438,447	
Charges for Services	35,353	6,944,006
An internal service fund is used by management to charge the costs of providing workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		108,522
The net pension liability/asset and the net OPEB liability/asset are not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	5,849,025	
Deferred Inflows - Pension	(6,724,898)	
Net Pension Liability	(23,537,642)	
Net Pension Asset	167,529	
Deferred Outflows - OPEB	1,189,372	
Deferred Inflows - OPEB	(1,870,136)	
Net OPEB Liability	(15,172,279)	
Net OPEB Asset	87,658	(40,011,371)
Leave Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(1,116,457)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(1,667,637)	
Accrued Interest Payable	(3,484)	
Capital Leases Payable	(212,434)	
Compensated Absences Payable	(477,849)	(2,361,404)
Net Position of Governmental Activities		$154,988,646

See accompanying notes to the basic financial statements

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Washington County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2018

	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities
Revenues			
Property Taxes	$3,179,263	$0	$3,584,278
Sales Taxes	13,113,987	0	0
Charges for Services	4,038,843	89,385	190,232
Licenses and Permits	7,785	0	0
Fines and Forfeitures	93,736	53,518	0
Intergovernmental	2,175,594	5,791,644	3,121,763
Interest	399,898	4,379	0
Rent	166,056	0	45,000
Contributions and Donations	1,307	0	26,393
Miscellaneous	576,075	143,594	239,694
Total Revenues	23,752,544	6,082,520	7,207,360
Expenditures			
Current:			
General Government:			
Legislative and Executive	5,916,283	0	0
Judicial	2,153,504	0	0
Public Safety	9,583,840	0	0
Public Works	2,308,446	5,738,542	0
Health:			
Alcohol, Drug, and Mental Health	0	0	0
Board of Developmental Disabilities	0	0	7,053,311
County Home	0	0	0
Other Health	117,356	0	0
Human Services:			
Child Support Enforcement	0	0	0
Children Services	0	0	0
Job and Family Services	0	0	0
Senior Services	0	0	0
Other Human Services	642,983	0	0
Economic Development and Assistance	124,811	0	0
Capital Outlay	0	0	0
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	48,708	298,912	0
Interest and Fiscal Charges	9,114	0	0
Total Expenditures	20,905,045	6,037,454	7,053,311
Excess of Revenues Over (Under) Expenditures	2,847,499	45,066	154,049
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	3,000	7,000	0
Transfers In	0	68,981	0
Transfers Out	(1,908,769)	0	0
Total Other Financing Sources (Uses)	(1,905,769)	75,981	0
Net Change in Fund Balances	941,730	121,047	154,049
Fund Balances Beginning of Year	13,216,785	4,067,737	3,957,238
Fund Balances End of Year	$14,158,515	$4,188,784	$4,111,287

See accompanying notes to the basic financial statements

County Home	Job and Family Services	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
$2,264,110	$0	$726,544	$1,866,826	$11,621,021
0	0	0	0	13,113,987
383,265	0	0	1,573,032	6,274,757
0	0	0	277,626	285,411
0	0	0	417,141	564,395
229,527	5,301,683	1,369,611	6,325,352	24,315,174
0	0	0	2,684	406,961
0	0	0	55,724	266,780
0	0	0	392	28,092
33,030	1,968	0	94,657	1,089,018
2,909,932	5,303,651	2,096,155	10,613,434	57,965,596
0	0	0	591,267	6,507,550
0	0	0	523,487	2,676,991
0	0	0	1,018,052	10,601,892
0	0	0	1,587,589	9,634,577
0	0	1,186,401	0	1,186,401
0	0	0	0	7,053,311
2,417,652	0	0	0	2,417,652
0	0	0	222,007	339,363
0	0	0	836,305	836,305
0	0	0	3,624,626	3,624,626
0	5,559,868	0	0	5,559,868
0	0	0	1,257,871	1,257,871
0	0	0	14,753	657,736
0	0	0	661,447	786,258
0	0	0	5,407	5,407
0	0	0	427,164	427,164
0	0	0	395,000	742,620
0	0	0	50,585	59,699
2,417,652	5,559,868	1,186,401	11,215,560	54,375,291
492,280	(256,217)	909,754	(602,126)	3,590,305
0	1,835	0	0	11,835
0	180,632	0	1,728,137	1,977,750
0	0	0	(68,981)	(1,977,750)
0	182,467	0	1,659,156	11,835
492,280	(73,750)	909,754	1,057,030	3,602,140
3,390,870	89,748	848,538	4,828,243	30,399,159
$3,883,150	$15,998	$1,758,292	$5,885,273	$34,001,299

Washington 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, 2018

Net Change in Fund Balances - Governmental Funds		$3,602,140
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 estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Asset Additions	3,753,600	
Current Year Depreciation	(1,614,825)	2,138,775
Governmental funds only report the disposal of 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 loss on the disposal of assets:		
Disposal of Capital Assets	(63,618)	
Modified Approach to Infrastructure Deletes	(230,054)	(293,672)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund:		
Delinquent Property Taxes	83,729	
Payments in Lieu of Taxes	22,650	
Sales Tax	52,214	
Intergovernmental	48,060	
Charges for Services	(60,351)	146,302
Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities:		
Refunding Bonds	395,000	
OPWC Loans Payable	298,912	
Capital Lease Payable	48,708	742,620
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Bond Premium Amortization	2,045	
Accrued Interest Payable	732	
Amortization of Discount	(779)	1,998
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 Benefits Payable	85,434	
Compensated Absences Payable	29,469	114,903
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,790,917	
OPEB	23,663	2,814,580
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(4,213,532)	
OPEB	(843,025)	(5,056,557)
Change in Net Position of Governmental Activities		$4,211,089

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$3,101,000	$3,172,230	$3,172,230	$0
Sales Taxes	12,826,837	12,859,853	12,859,871	18
Charges for Services	3,204,236	3,966,147	3,972,193	6,046
Licenses and Permits	3,000	6,500	7,785	1,285
Fines and Forfeitures	90,000	91,590	94,061	2,471
Intergovernmental	1,856,366	2,023,883	2,035,274	11,391
Interest	375,509	451,998	452,011	13
Rent	139,653	159,653	153,808	(5,845)
Contributions and Donations	0	0	1,307	1,307
Miscellaneous	387,224	638,735	545,746	(92,989)
Total Revenues	21,983,825	23,370,589	23,294,286	(76,303)
Expenditures				
Current:				
General Government:				
Legislative and Executive	5,742,350	6,446,798	6,238,812	207,986
Judicial	2,241,812	2,384,380	2,234,466	149,914
Public Safety	10,575,050	11,025,060	10,266,321	758,739
Public Works	2,334,936	2,344,809	2,338,176	6,633
Health	163,886	188,702	125,101	63,601
Human Services	711,408	713,184	669,803	43,381
Economic Development and Assistance	135,066	135,066	130,065	5,001
Total Expenditures	21,904,508	23,237,999	22,002,744	1,235,255
Excess of Revenues Over Expenditures	79,317	132,590	1,291,542	1,158,952
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,500	3,000	3,000	0
Advance In	0	25,000	35,000	10,000
Advance Out	0	(24,232)	(14,232)	10,000
Transfers Out	(1,728,138)	(1,908,769)	(1,908,769)	0
Total Other Financing Sources (Uses)	(1,725,638)	(1,905,001)	(1,885,001)	20,000
Net Change in Fund Balance	(1,646,321)	(1,772,411)	(593,459)	1,178,952
Fund Balance Beginning of Year	10,245,963	10,245,963	10,245,963	0
Prior Year Encumbrances Appropriated	646,380	646,380	646,380	0
Fund Balance End of Year	$9,246,022	$9,119,932	$10,298,884	$1,178,952

See accompanying notes to the basic financial statements

Washington County, Ohio

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

Motor Vehicle and Gasoline Tax Fund

For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Charges for Services	$33,000	$56,268	$89,664	$33,396
Fines and Forfeitures	40,000	48,800	53,107	4,307
Intergovernmental	5,405,000	5,721,652	5,754,865	33,213
Interest	10,000	10,000	4,379	(5,621)
Miscellaneous	5,000	142,050	143,650	1,600
Total Revenues	5,493,000	5,978,770	6,045,665	66,895
Expenditures				
Current:				
Public Works	5,696,285	7,598,991	6,909,660	689,331
Debt Service:				
Principal Retirement	53,038	298,912	298,912	0
Total Expenditures	5,749,323	7,897,903	7,208,572	689,331
Excess of Revenues Under Expenditures	(256,323)	(1,919,133)	(1,162,907)	756,226
Other Financing Sources				
Proceeds from Sale of Capital Assets	7,000	7,000	7,000	0
Transfers In	0	68,981	68,981	0
Total Other Financing Sources	7,000	75,981	75,981	0
Net Change in Fund Balance	(249,323)	(1,843,152)	(1,086,926)	756,226
Fund Balance Beginning of Year	2,431,679	2,431,679	2,431,679	0
Prior Year Encumbrances Appropriated	422,244	422,244	422,244	0
Fund Balance End of Year	$2,604,600	$1,010,771	$1,766,997	$756,226

See accompanying notes to the basic financial statements

Washington 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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$3,610,000	$3,610,000	$3,580,688	($29,312)
Charges for Services	225,000	225,000	201,337	(23,663)
Intergovernmental	3,035,499	2,735,500	3,151,766	416,266
Rent	36,000	36,000	45,000	9,000
Contributions and Donations	25,000	25,000	26,393	1,393
Miscellaneous	101,693	101,693	240,594	138,901
Total Revenues	7,033,192	6,733,193	7,245,778	512,585
Expenditures				
Current:				
Health	8,133,420	8,213,887	6,956,596	1,257,291
Net Change in Fund Balance	(1,100,228)	(1,480,694)	289,182	1,769,876
Fund Balance Beginning of Year	3,736,578	3,736,578	3,736,578	0
Prior Year Encumbrances Appropriated	180,395	180,395	180,395	0
Fund Balance End of Year	$2,816,745	$2,436,279	$4,206,155	$1,769,876

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
County Home Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$2,266,250	$2,266,250	$2,277,686	$11,436
Charges for Services	340,000	340,000	383,265	43,265
Intergovernmental	214,000	214,000	229,527	15,527
Miscellaneous	0	2,893	32,430	29,537
Total Revenues	2,820,250	2,823,143	2,922,908	99,765
Expenditures				
Current:				
Health	3,053,530	2,762,173	2,436,930	325,243
Net Change in Fund Balance	(233,280)	60,970	485,978	425,008
Fund Balance Beginning of Year	3,371,699	3,371,699	3,371,699	0
Prior Year Encumbrances Appropriated	33,002	33,002	33,002	0
Fund Balance End of Year	$3,171,421	$3,465,671	$3,890,679	$425,008

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$5,480,377	$5,580,377	$5,262,388	($317,989)
Interest	100	100	0	(100)
Total Revenues	5,480,477	5,580,477	5,262,388	(318,089)
Expenditures				
Current:				
Human Services	5,453,411	5,953,967	5,563,821	390,146
Excess of Revenues Over (Under) Expenditures	27,066	(373,490)	(301,433)	72,057
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,835	1,835	1,835	0
Transfers In	180,514	180,514	180,632	118
Advance In	0	10,000	10,000	0
Advance Out	0	(10,000)	(10,000)	0
Total Other Financing Sources	182,349	182,349	182,467	118
Net Change in Fund Balance	209,415	(191,141)	(118,966)	72,175
Fund Balance Beginning of Year	289,890	289,890	289,890	0
Prior Year Encumbrances Appropriated	15,843	15,843	15,843	0
Fund Balance End of Year	$515,148	$114,592	$186,767	$72,175

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Mental Health and Addiction Recovery Board Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$697,000	$697,000	$725,965	$28,965
Intergovernmental	811,126	1,144,459	1,364,050	219,591
Total Revenues	1,508,126	1,841,459	2,090,015	248,556
Expenditures				
Current:				
Health	1,024,179	2,306,071	1,788,444	517,627
Net Change in Fund Balance	483,947	(464,612)	301,571	766,183
Fund Balance Beginning of Year	611,621	611,621	611,621	0
Prior Year Encumbrances Appropriated	77,194	77,194	77,194	0
Fund Balance End of Year	$1,172,762	$224,203	$990,386	$766,183

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Fund Net Position

Proprietary Funds

December 31, 2018

	Business-Type Activity Sewer Enterprise Fund	Governmental Activities Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$317,074	$108,522
Receivables:		
Accounts	90,623	0
Special Assessments	186,837	0
Prepaid Items	883	0
Total Current Assets	595,417	108,522
Noncurrent Assets:		
Non-Depreciable Capital Assets	379,120	0
Depreciable Capital Assets, Net	6,146,133	0
Total Noncurrent Assets	6,525,253	0
Total Assets	7,120,670	108,522
Liabilities		
Current Liabilities:		
Accounts Payable	16,398	0
Accrued Wages Payable	2,512	0
Vacation Benefits Payable	3,894	0
Intergovernmental Payable	73,609	0
Accrued Interest Payable	17,861	0
Interfund Payable	259,906	0
Compensated Absences Payable	213	0
Current Portion of OWDA Loans Payable	54,653	0
Current Portion of OPWC Loans Payable	27,815	0
Current Portion of FHA Loan Payable	19,500	0
Total Current Liabilities	476,361	0
Long-Term Liabilities (Net of Current Portion):		
Compensated Absences Payable	1,078	0
OWDA Loans Payable	1,446,337	0
OPWC Loans Payable	479,859	0
FHA Sewer Loan Payable	612,000	0
Total Long-Term Liabilities	2,539,274	0
Total Liabilities	3,015,635	0
Net Position		
Net Investment in Capital Assets	3,885,089	0
Unrestricted	219,946	108,522
Total Net Position	$4,105,035	$108,522

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2018

	Business-Type Activity	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for Services	$993,327	$0
Other	9,783	0
Total Operating Revenues	1,003,110	0
Operating Expenses		
Personal Services	100,836	0
Fringe Benefits	57,218	0
Contractual Services	775,208	0
Materials and Supplies	32,294	0
Depreciation	265,645	0
Other	1,347	0
Total Operating Expenses	1,232,548	0
Operating Loss	(229,438)	0
Non-Operating Expenses		
Interest and Fiscal Charges	(74,404)	0
Change in Net Position	(303,842)	0
Net Position Beginning of Year	4,408,877	108,522
Net Position End of Year	$4,105,035	$108,522

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Cash Flows
Sewer Enterprise Fund
For the Year Ended December 31, 2018

	Business-Type Activity Sewer Enterprise Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$969,638
Cash Payments for Employee Services and Benefits	(159,979)
Cash Payments for Goods and Services	(789,292)
Other Operating Revenues	9,183
Other Operating Expenses	(2,027)
Net Cash Provided by Operating Activities	27,523
Cash Flows from Capital and Related Financing Activities	
Special Assessments	10,710
Payments on Internal Balances	(100,000)
Principal Paid on Debt	(159,412)
Interest and Fiscal Charges Paid on Debt	(71,910)
Net Cash Used for Capital and Related Financing Activities	(320,612)
Net Decrease in Cash and Cash Equivalents	(293,089)
Cash and Cash Equivalents Beginning of Year	610,163
Cash and Cash Equivalents End of Year	$317,074
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Income	($229,438)
Adjustments:	
Depreciation	265,645
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,798)
Increase in Delinquent Sewer Receivable	(23,944)
Increase in Prepaid Items	(680)
Decrease in Materials and Supplies Inventory	1,718
Increase in Accounts Payable	4,882
Decrease in Accrued Wages Payable	(1,221)
Decrease in Vacation Benefits Payable	(1,325)
Increase in Compensated Absences Payable	907
Increase in Interfund Payable	815
Increase in Intergovernmental Payable	11,962
Net Cash Provided by Operating Activities	$27,523

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Assets and Liabilities

Agency Funds

December 31, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	$3,094,918
Cash and Cash Equivalents in Segregated Accounts	1,095,939
Investments in Segregated Accounts	30,435
Receivables:	
Property Taxes	61,543,995
Accounts	415,107
Special Assessments	418,787
Intergovernmental	2,665,386
Total Assets	$69,264,567
Liabilities	
Intergovernmental Payable	$66,269,195
Undistributed Monies	2,995,372
Total Liabilities	$69,264,567

See accompanying notes to the basic financial statements

NOTE 1 - REPORTING ENTITY

Washington County, Ohio (the County), was created July 26, 1778, by Governor Arthur St. Clair. The County was the first county formed in the Northwest Territory and is composed of twenty-two townships. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are seven other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, and Sheriff. Also elected are two Common Pleas Court Judges and a Probate and Juvenile Court Judge. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

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

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Washington County, this includes the Board of Developmental Disabilities, the Children Services' Board, the Mental Health and Addiction Recovery 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.

Discretely Presented Component Units

Southeastern Ohio Port Authority (the Authority) was created during 2003, pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution, and research and development interest of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region and to induce the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities; to purchase, subdivide, sell, and lease real property in Southeastern Ohio; and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio. The Authority's Board of Directors consists of the number of Directors it deems necessary. They are appointed by the Washington County Commissioners. The County assumes the responsibility to provide financial support to the Authority and has guaranteed the debt of the Authority; therefore, it is included as a discretely presented component unit. Separately issued financial statements can be obtained from the Authority in Marietta, Ohio.

The following potential component units have been excluded from the County's financial statements:

Washington County Career Center
Washington County Agricultural Society
Washington County Historical Society
Washington State Community College

Washington County Cooperative Extension
Marietta Tourist and Convention Bureau
Washington County Law Library

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Washington County General Health District The District is governed by the Board of Health which oversees the operation of the District and is elected by a regional advisory council composed of township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

Washington County Soil and Water Conservation District The 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 County is associated with certain organizations which are defined as jointly governed organizations and insurance purchasing pools. These organizations are presented in Notes 20 and 22 to the Basic Financial Statements. The organizations are:

Buckeye Hills Regional Council
SouthEastern Ohio Joint Solid Waste Management District
Washington-Morgan Community Action Corporation
Washington County Family and Children First Council
Wood, Washington, and Wirt Planning Commission
Buckeye Hills Resource Conservation and Development Council (RC&D)
Mid-East Ohio Regional Council (MEORC)
Ohio Valley Employment Resource (OVER)
Regional Child Abuse Prevention Council
County Risk Sharing Authority, Inc. (CORSA)
County Employee Benefits Consortium of Ohio, Inc. (CEBCO)

The County is associated with the Washington County Public Library, which is classified as a related organization. Additional information concerning the related organization is presented in Note 21.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, 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. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and 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 and Gasoline Tax Fund This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by state law to County road and bridge repair/improvements programs.

Board of Developmental Disabilities Fund This fund accounts for the operation of a school and the costs of administering a sheltered workshop for the developmentally disabled residents of the County. Revenue sources are federal and state grant monies and a county-wide property tax levy.

County Home Fund This fund accounts for property tax revenues and other resources used to finance the operation of the County Home.

Job and Family Services Fund This fund accounts for various federal and state grants as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Mental Health and Addiction Recovery Board Fund This fund accounts for all state, federal, and local funds that have been expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public at large.

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 was used to account for the operation of the County's workers' compensation program through a retrospective rating plan.

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 revenues, expenses and changes in 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 and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

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 as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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, sales taxes, intergovernmental grants, and charges for services. 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 are found on page 22. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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 legal level of control has been established by County Commissioners at the fund, program, department, 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 2018 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".

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 2018, investments were limited to certificates of deposit and commercial paper, which are reported at cost, and in federal agency securities, which are reported at fair value based on quoted market prices.

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 2018 amounted to $399,898, which includes $269,125 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, 2018, 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 assets 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. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets are depreciated except for land, general infrastructure, and construction in process. 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:

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	40-100 Years	n/a
Buildings and Improvements	40-100 Years	40-100 Years
Machinery and Equipment	5-10 Years	5-10 Years
Furniture and Fixtures	5-20 Years	n/a
Vehicles	8 Years	8 Years
Business-Type Infrastructure	N/A	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. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "leave benefits payable", rather than long term liabilities, as the balances are to be used by the employees in the year following the year benefits are 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 the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated, unused sick leave for all employees of the County after ten years of service.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account, "Matured Compensated Absences Payable" in the fund from which the employees will be paid. The remaining portion of the liability is not reported.

N. 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 and judgments, 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 fiscal year. Bonds, capital leases, and long-term loans are recognized as a liability in the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in 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 legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
>
> ***Restricted*** 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 mandates 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 is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> ***Assigned*** Amounts in the assigned 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 governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not 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. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

P. 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.

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

Q. 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. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

R. 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.

S. Bond Premiums and Discounts

Bond discounts and premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable. Bond premiums are presented as an addition to the face amount of the bonds. On the government fund financial statements, bond premiums and bond discounts are recognized in the period in which bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

T. Pension/Other Postemployment Benefits (OPEB)

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

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 2018.

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 - CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

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

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

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

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

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities
Net Position December 31, 2017	$165,723,580
Adjustments:	
Net OPEB Liability	(15,154,608)
Deferred Outflow - Payments Subsequent to Measurement Date	208,585
Restated Net Position December 31, 2017	$150,777,557

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

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	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Job and Family Services	Mental Health and Addiction Recovery Board	Nonmajor Governmental Funds	Total
Nonspendable:								
Inventory	$81,087	$619,402	$6,057	$12,546	$5,588	$0	$3,214	$727,894
Prepaids	262,620	28,914	48,784	14,171	15,960	31,194	28,015	429,658
Unclaimed monies	102,358	0	0	0	0	0	0	102,358
Total Nonspendable	446,065	648,316	54,841	26,717	21,548	31,194	31,229	1,259,910
Restricted for:								
County Home Operations	0	0	0	3,856,433	0	0	0	3,856,433
Road and Bridge Maintenance	0	3,540,468	0	0	0	0	0	3,540,468
Developmental Disabilities	0	0	4,056,446	0	0	0	0	4,056,446
Mental Health Operations	0	0	0	0	0	1,727,098	0	1,727,098
Capital Improvements	0	0	0	0	0	0	575,378	575,378
Urban Transportation	0	0	0	0	0	0	105,839	105,839
Bond Retirement	0	0	0	0	0	0	489,797	489,797
Sheriff Operations	0	0	0	0	0	0	134,539	134,539
Disaster Services	0	0	0	0	0	0	122,873	122,873
911 Operations	0	0	0	0	0	0	504,379	504,379
Dog and Kennel	0	0	0	0	0	0	207,250	207,250
Senior Citizens	0	0	0	0	0	0	102,416	102,416
Marriage Licenses	0	0	0	0	0	0	1,018	1,018
Senior Services	0	0	0	0	0	0	58,750	58,750
Child Support Services	0	0	0	0	0	0	692,564	692,564
Court Operations	0	0	0	0	0	0	758,894	758,894
Board of Elections	0	0	0	0	0	0	9,511	9,511
Economic Development	0	0	0	0	0	0	116,761	116,761
Real Estate Assessments	0	0	0	0	0	0	1,302,037	1,302,037
Total Restricted	0	3,540,468	4,056,446	3,856,433	0	1,727,098	5,182,006	18,362,451
Committed to:								
Voting Equipment	16,570	0	0	0	0	0	0	16,570
Sheriff Cruisers	118,164	0	0	0	0	0	0	118,164
Paving Project	23,697	0	0	0	0	0	0	23,697
Capital Projects	0	0	0	0	0	0	755,582	755,582
Background Investigations	0	0	0	0	0	0	41,618	41,618
Total Committed	158,431	0	0	0	0	0	797,200	955,631
Assigned to:								
Purchases on Order	476,462	0	0	0	0	0	0	476,462
Unassigned:	13,077,557	0	0	0	(5,550)	0	(125,162)	12,946,845
Total Fund Balances	$14,158,515	$4,188,784	$4,111,287	$3,883,150	$15,998	$1,758,292	$5,885,273	$34,001,299

NOTE 5 - FUND DEFICIT

At December 31, 2018, the Children Services Fund had a deficit fund balance of $113,172. The deficit was created by the application of 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).

4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP basis) 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.

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:

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Job and Family Services	Mental Health and Addiction Recovery Board
GAAP Basis	$941,730	$121,047	$154,049	$492,280	($73,750)	$909,754
Net Adjustment for Revenue Accruals	168,762	(36,867)	42,917	(600)	(41,263)	(5,561)
Beginning of the Year:						
Unrecorded Cash	66,117	4,860	0	0	0	0
Unreported Interest	(164,558)	0	0	0	0	0
Agency Fund Cash Allocation	344,503	0	94,261	59,978	0	19,677
Prepaid Items	174,820	1,505	582	7,541	664	7,082
End of the Year:						
Unrecorded Cash	(140,532)	(4,848)	(909)	0	0	0
Unreported Interest	216,671	0	0	0	0	0
Agency Fund Cash Allocation	(949,221)	0	(97,851)	(46,402)	0	(20,256)
Prepaid Items	(262,620)	(28,914)	(48,784)	(14,171)	(15,960)	(31,194)
Net Adjustment for Expenditure Accruals	(196,860)	(226)	394,171	32,621	23,365	32,186
Encumbrances	(792,271)	(1,143,483)	(249,254)	(45,269)	(12,022)	(610,117)
Budget Basis	($593,459)	($1,086,926)	$289,182	$485,978	($118,966)	$301,571

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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;

2. Bonds, notes, debentures, or any other 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 this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to 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, within certain limitations;

9. Up to forty percent of the County's average portfolio, if training requirements have been met 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, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

   b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 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. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under 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, subject to certain limitations. 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. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. 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.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

At year end, the County had $186,798 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Certificates of Deposit	$4,112,450	Less than five years		16.46%
Fair Value - Level One Inputs				
Commercial Papers	6,056,428	Less than five years	A1-P1	24.24
Corporation Notes	4,884,558	Less than five years	AA-	19.55
Federal National Mortgage Association Note	3,927,526	Less than five years	AAA	15.72
Federal Home Loan Mortgage Corporation Notes	6,003,543	Less than five years	AAA	24.03
Total Investments	$24,984,505			

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2018. All of the County's investments are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk The County's investment policy does not address interest rate risk. 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. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Federal National Mortgage Association Note carried a credit rating by Moody's of Aaa. The County has no investment policy that would limit its investment choices other than the restrictions contained in State statute.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County places no limit on the amount it may invest in any one issuer.

NOTE 8 - RECEIVABLES

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2018, was \$10.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$1,170,971,260
Public Utility Personal Property	314,652,970
Total	\$1,485,624,230

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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, 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. Tax Increment Financing Receivable

The County entered into a Tax Increment Financing Agreement with Broughton Commercial Properties, LLC during 2017 for infrastructure improvements. To encourage these improvements, the company was granted an exemption from paying any property taxes on the new construction; however, payments in lieu of taxes are made to the County each year in an amount equal to the real property taxes that otherwise would have been due. The County is not able to record a receivable for the entire amount for all payments because the payments are based upon project collections. These payments are being used to finance the above improvements and will continue until the earlier of 20 years or until the revenue in lieu of taxes equals or exceeds the cost of improvements. A receivable in the amount of \$22,650 has been recorded in the RT 821 TIF Fund.

C. Intergovernmental Receivables

Governmental Activities	Amounts
Motor Vehicle License Tax	$1,778,070
Gas Excise Tax	1,155,695
Homestead and Rollback	630,796
Over/Under Funding	533,322
Casino Tax	357,883
Local Government	330,315
FEMA Grants	182,806
Community Development Block Grants	180,288
Continuum of Care	172,226
State Operating Subsidy	168,845
Miscellaneous	93,185
Permissive Motor Vehicle License Tax	73,624
T-CAP Grant	70,092
Federal Treatment (Per Capita Grant)	69,361
Mental Health Block Grants	48,341
Special Education Part B- IDEA	43,284
CCMEP WIOA Youth Program	36,393
Community Corrections Grant	30,000
Emergency Management Performance Grant	29,159
Mental Health Title XX	28,740
Federal Prevention	23,316
National Service Grants	22,566
State Family Support	16,285
Continuum of Care - Alcohol or Drug	14,237
Early Childhood Special Education	13,860
Election Expense Reimbursement	13,262
Title XX Social Services	10,248
State Gambling Addiction Prevention	10,088
VOCA Grants	9,132
TDD Case Management Subsidy	5,887
School Lunch Reimbursements	5,633
Waiver Administration	5,526
SVAA Grant	4,000
Criminal Justice Services - Forensic Monitoring	3,022
IDEP/STEP Grant	2,379
Mental Health State Prevention Grant	2,313
IV-D Grant	1,806
Estate Tax	1,732
Litter Control Grant	799
Senior Wheels Program	664
Total Intergovernmental Receivable	$6,179,180

NOTE 9 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners, by resolution, imposed a one 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. At the November 1989 general election, an additional one-half percent tax was approved by the voters of the County. 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 and Management (OBM) the amount of the tax to be returned to the County. The

Tax Commissioner's certification must be made within forty-five days after the end of each month. 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. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2018.

NOTE 10 - CAPITAL ASSETS

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

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	$1,099,719	$79,485	$0	$1,179,204
Infrastructure	137,758,300	2,846,419	(230,054)	140,374,665
Total Non-Depreciable Capital Assets	138,858,019	2,925,904	(230,054)	141,553,869
Depreciable Capital Assets:				
Land Improvements	719,630	91,500	0	811,130
Buildings and Improvements	25,287,182	52,135	0	25,339,317
Machinery and Equipment	8,142,523	624,056	(97,590)	8,668,989
Furniture and Fixtures	1,515,268	6,825	0	1,522,093
Vehicles	7,415,805	53,180	(213,378)	7,255,607
Total Depreciable Capital Assets	43,080,408	827,696	(310,968)	43,597,136
Accumulated Depreciation:				
Land Improvements	(689,256)	(25,336)	0	(714,592)
Buildings and Improvements	(13,449,521)	(633,294)	40,139	(14,042,676)
Machinery and Equipment	(6,152,392)	(493,119)	0	(6,645,511)
Furniture and Fixtures	(1,139,109)	(53,604)	0	(1,192,713)
Vehicles	(4,929,201)	(409,472)	207,211	(5,131,462)
Total Accumulated Depreciation	(26,359,479)	(1,614,825) *	247,350	(27,726,954)
Total Depreciable Capital Assets, Net	16,720,929	(787,129)	(63,618)	15,870,182
Governmental Capital Assets, Net	$155,578,948	$2,138,775	($293,672)	$157,424,051

* Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	$263,550
Judicial	27,014
Public Safety	535,247
Public Works	324,318
Health:	
Alcohol, Drug, and Mental Health	2,974
Board of Developmental Disabilities	170,485
County Home	41,536
Other Health	18,017
Human Services:	
Child Support Enforcement	1,208
Children Services	104,139
Job and Family Services	100,361
Other Human Services	25,976
Total Depreciation Expense	$1,614,825

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
Business-Type Activity:				
Non-Depreciable Capital Assets:				
Land	$379,120	$0	$0	$379,120
Depreciable Capital Assets:				
Buildings and Improvements	616,181	0	0	616,181
Machinery and Equipment	512,314	0	0	512,314
Infrastructure	9,624,227	0	0	9,624,227
Vehicles	65,341	0	0	65,341
Total Depreciable Capital Assets	10,818,063	0	0	10,818,063
Accumulated Depreciation:				
Buildings and Improvements	(436,440)	(17,767)	0	(454,207)
Machinery and Equipment	(445,155)	(6,998)	0	(452,153)
Infrastructure	(3,493,091)	(235,978)	0	(3,729,069)
Vehicles	(31,599)	(4,902)	0	(36,501)
Total Accumulated Depreciation	(4,406,285)	(265,645)	0	(4,671,930)
Total Depreciable Capital Assets, Net	6,411,778	(265,645)	0	6,146,133
Business-Type Capital Assets, Net	$6,790,898	($265,645)	$0	$6,525,253

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. During 2018, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 22), 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:

	Coverage	Deductible
General Liability	$1,000,000 each occurrence	$2,500
Law Enforcement Liability	1,000,000 each occurrence	2,500
Automobile Liability	1,000,000 each occurrence	2,500
Errors and Omissions Liability	1,000,000/1,000,000	2,500
Property Damage Liability	120,582,784	2,500
Equipment Breakdown	1,000,000	2,500
Crime	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500
Professional Liability	1,000,000	2,500
Medical Professional Liability	3,000,000	2,500

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

The County pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension and OPEB. GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. WASCO, Inc. was a component unit of the County through July 6, 2016. Their employees are no longer County employees; however, the BDD is responsible for pension contributions for those employees electing to continue in the OPERS plan. This relationship is presented as a special funding situation within the accompanying financial statements.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the tradition and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A 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
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
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
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 traditional plan 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. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local	Law Enforcement
2018 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee *	10.0 %	**
2018 Actual Contribution Rates		
Employer:		
Pension ***	14.0 %	18.1 %
Post-employment Health Care Benefits ***	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

** 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.

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

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

For 2018, The County's contractually required contribution was $2,596,416 for the traditional plan, $78,431 for the combined plan and $59,158 for the member-directed plan. Of these amounts, $290,443 is reported as an intergovernmental payable for the traditional plan, $9,071 for the combined plan, and $9,565 for the member-directed plan. The Special Funding Situation contractually required contribution to OPERS was $24,406 for 2018. Of this amount, $2,820 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. 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 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2018 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2018, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was $91,664 for 2018. Of this amount $352 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 (asset) for OPERS was measured as of December 31, 2017, and the net pension liability for STRS was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS				
	Traditional Plan	Combined Plan	Special Funding Situation	STRS	Total
Proportion of the Net Pension Liability/Asset:					
Current Measurement Date	0.14095770%	0.12306480%	0.00143200%	0.00545511%	
Prior Measurement Date	0.15003445%	0.12518055%	0.00082100%	0.00599314%	
Change in Proportionate Share	-0.00907675%	-0.00211575%	0.00061100%	-0.00053803%	
Proportionate Share of the:					
Net Pension Liability	$22,113,531	$0	$224,654	$1,199,457	$23,537,642
Net Pension Asset	0	167,529	0	0	167,529
Pension Expense	4,147,510	(106,855)	114,334	58,543	4,213,532

2018 pension expense for the member-directed defined contribution plan was $0.

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

	OPERS Traditional Plan	OPERS Combined Plan	OPERS Special Funding Situation	STRS	Total
Deferred Outflows of Resources					
Differences between expected and actual experience	$22,583	$0	$230	$27,688	$50,501
Changes of assumptions	2,642,715	14,641	26,848	212,567	2,896,771
Changes in proportion and differences between County contributions and proportionate share of contributions	0	1,026	100,275	53,099	154,400
County contributions subsequent to the measurement date	2,596,416	78,431	24,406	48,100	2,747,353
Total Deferred Outflows of Resources	$5,261,714	$94,098	$151,759	$341,454	$5,849,025
Deferred Inflows of Resources					
Differences between expected and actual experience	$435,788	$49,909	$4,427	$7,833	$497,957
Net difference between projected and actual earnings on pension plan investments	4,747,483	26,432	48,230	72,733	4,894,878
Changes in proportion and differences between County contributions and proportionate share of contributions	1,020,200	0	0	311,863	1,332,063
Total Deferred Inflows of Resources	$6,203,471	$76,341	$52,657	$392,429	$6,724,898

$2,747,353 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OPERS Special Funding Situation	STRS	Total
Year Ending December 31:					
2019	$1,429,185	($8,279)	$86,287	$46,196	$1,553,389
2020	(926,007)	(9,003)	29,465	(40,612)	(946,157)
2021	(2,090,540)	(14,924)	(21,238)	(68,602)	(2,195,304)
2022	(1,950,811)	(14,300)	(19,818)	(36,057)	(2,020,986)
2023	0	(5,018)	0	0	(5,018)
Thereafter	0	(9,150)	0	0	(9,150)
Total	($3,538,173)	($60,674)	$74,696	($99,075)	($3,623,226)

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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 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 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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 (Asset) to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$39,267,996	$22,113,531	$7,811,876
OPERS Combined Plan	(91,068)	(167,529)	(220,286)
Special Funding Situation's proportionate share of the net pension liability	$398,927	$224,654	$79,361

Changes between Measurement Date and Report Date

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

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 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 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
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, 2018. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	$1,751,648	$1,199,457	$732,101

NOTE 13 – DEFINED BENEFIT OPEB PLANS

See Note 12 for a description of the net OPEB liability

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. 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. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed 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 2018 was 4.0 percent.

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

The County's contractually required contribution was $23,663 for 2018. Of this amount, $2,733 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS 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 health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly 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, currently 14 percent of covered payroll. For the year ended December 31, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	OPERS			
	Contributions made by the County	Special Funding Situation	STRS	
Proportion of the Net OPEB Liability Prior Measurement Date	0.14695550%	0.00077000%	0.00599314%	
Proportion of the Net OPEB Liability Current Measurement Date	0.13837740%	0.00134000%	0.00545511%	
Change in Proportionate Share	-0.00857810%	0.00057000%	-0.00053803%	
				Total
Proportionate Share of the Net:				
OPEB Asset	$0	$0	$87,658	$87,658
OPEB Liability	15,026,765	145,514	0	15,172,279
OPEB Expense	990,201	30,816	(177,992)	843,025

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

	OPERS			
	Contributions made by the County	Special Funding Situation	STRS	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$11,706	$113	$10,238	$22,057
Changes of assumptions	1,094,107	10,595	0	1,104,702
Changes in proportion and differences between County contributions and proportionate share of contributions	0	38,950	0	38,950
County contributions subsequent to the measurement date	23,663	0	0	23,663
Total Deferred Outflows of Resources	$1,129,476	$49,658	$10,238	$1,189,372
Deferred Inflows of Resources				
Differences between expected and actual experience	$0	$0	$5,107	$5,107
Changes of assumptions	0	0	119,441	119,441
Net difference between projected and actual earnings on OPEB plan investments	1,119,393	10,840	10,014	1,140,247
Changes in proportion and differences between County contributions and proportionate share of contributions	586,168	0	19,173	605,341
Total Deferred Inflows of Resources	$1,705,561	$10,840	$153,735	$1,870,136

$23,663 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase to the net OPEB asset in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS			
	Contributions made by the Couny	Special Funding Situation	STRS	Total
Fiscal Year Ending June 30:				
2019	($31,404)	$21,032	($25,454)	($35,826)
2020	(31,404)	21,032	(25,454)	(35,826)
2021	(257,090)	(536)	(25,454)	(283,080)
2022	(279,850)	(2,710)	(23,180)	(305,740)
2023	0	0	(22,383)	(22,383)
Thereafter	0	0	(21,572)	(21,572)
Total	($599,748)	$38,818	($143,497)	($704,427)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	$19,963,707	$15,026,765	$11,032,830
Special Funding Situation's proportionate share of the net OPEB liability	$193,322	$145,514	$106,838

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$14,377,412	$15,026,765	$15,697,532
Special Funding Situation's proportionate share of the net OPEB liability	$139,226	$145,514	$152,010

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Medical	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	($75,131)	($87,658)	($98,186)

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	($97,592)	($87,658)	($77,569)

NOTE 14 - OTHER EMPLOYER BENEFITS

A. *Deferred Compensation Plan*

Washington 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, and Child Support Enforcement departments are represented by union agreements. Employees of Mental Health, Job and Family Services, Sheriff, Engineer, Board of Developmental Disabilities (union and non-union), Children’s Services, County Home departments follow their own departmental policies. 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. Job and Family Services, the Board of Developmental Disabilities (union employees), and Child Support Enforcement employees earn annual leave based on their length of service and can be converted to extended illness leave at the rate of three days credit for each two days of unused leave converted. Upon retirement, with 10 years of service with the County, the State, or any of its political subdivisions, all employees, except for Job and Family Services, Board of Developmental Disabilities employees (non-union and union), Child Support Enforcement (union), and Children Services (hired prior to July 3, 2013) are paid 25% of their sick leave up to a maximum of 240 hours. Board of Developmental Disabilities non-union employees, with 10 years of service with the County, are paid 50% of their sick leave up to a maximum of 480 hours. Board of Developmental Disabilities union employees are paid 25% of their annual leave balance not to exceed 480 hours. Children’s Services employees hired prior to July 3, 2013, with 10 years of service with the County, are paid 100% of their sick balances that they had accrued at June 22, 2013. In addition to each employee’s June 22, 2013 sick leave balance they are paid 25% of the value of the sick leave accrued but unused between June 23, 2013 and the time of retirement or 240 hours; the lessor of the two numbers. The maximum of such payment shall not exceed 1,000 hours. Child Support Enforcement union employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of 500 hours. Job and Family Services employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of three times the employee's annual leave entitlement.

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

During 2018, the County participated with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO) (a risk-sharing pool – see Note 22). CEBCO charges a fixed premium per month per enrolled employee. The premiums, along with an administrative charge, are paid into each participating County funds and, in turn, the premiums are paid to CEBCO. Premiums charged by CEBCO are based upon the County's claims experience. An excess coverage policy covers annual individual claims in excess of $100,000 with an unlimited maximum. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

The County provides employee medical/surgical benefits to employees, except Children Services, through Anthem Blue Cross/Blue Shield. The plan has $1,500 single and $3,000 family deductible limits. Except for employees of the Mental Health, Soldiers Relief, and Health Department, the County pays 80 percent of the total monthly premium for both single and family coverage. The County pays 100 percent for both single and family coverage for employees of the Mental Health Department and Soldiers Relief. The County pays 81 percent for both single and family coverage for employees of the Health Department. Premiums are paid from the same funds that pay the employee's salaries.

The County provides employee life insurance and accidental death and dismemberment insurance to employees, except for life insurance for Children Services and Board of Developmental Disabilities, through Dearborn National in the amount of $10,000 each employee and $30,000 for management employees.

For the employees of the Children Services Department, medical/surgical benefits is provided through Medical mutual of Ohio, dental is provided through Delta Dental, and life insurance through American United Life for $25,000. The County Board of Developmental Disabilities provides life insurance to their employees through CBA Benefit Services, in the amount of $20,000.

Dental insurance is provided to employees of the Department of Job and Family Services, Child Support Enforcement Agency, and the Children Services Board. Vision insurance is provided to employees of the Department of Job and Family Services and the Child Support Enforcement Agency. Dental insurance is provided to employees of the Board of Developmental Disabilities through CBA Benefit Services.

NOTE 15 - LEASES - LESSEE DISCLOSURE

A. *Capital Leases*

In the prior years, the County entered into agreements to lease radio equipment, server equipment, and ballot 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 $180,000 as of December 31, 2018, 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. During 2013, the County entered into a capital lease for the purchase of radio equipment from Motorola for $481,121. The radio equipment acquired by lease in the amount of $301,121 has not been capitalized but a capital lease payable has been recorded in the government-wide statements. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of $90,000 as of December 31, 2018. Principal payments for all capital leases during 2018 totaled $48,708 for governmental activities.

Future minimum lease payments through 2023 are as follows:

	Governmental Activities		
Year	Principal	Interest	Total
2020	$50,408	$7,414	$57,822
2021	52,167	5,655	57,822
2022	53,987	3,834	57,821
2023	55,872	1,950	57,822
Total	$212,434	$18,853	$231,287

B. Operating Leases

During 2016, the County entered into a lease agreement with Broughton Commercial Properties, LLC, to rent a building for the Sheriff's office. The term of the lease agreement was for twelve months and ended on September 30, 2017, and continued on a month-to-month basis thereafter. The terms of the agreement call for the County to make monthly rent payments of $1,300 for a total of $15,600. On April 1, 2018, the Ohio Attorney General's Office assumed the lease and began making payments. During 2018, the County paid $2,600. The lease was terminated in September of 2018.

During 2011, the County entered into a lease agreement with Broughton Commercial Properties, LLC, to rent a building for the Board of Developmental Disabilities. The term of the lease agreement was for nine years and ends on February 28, 2020. The current terms of the agreement calls for the County to make monthly rent payments of $1,545 plus $730 in utility, insurance, and maintenance fees for a total of $2,275 monthly. During 2018, the County paid $27,306 in rental payments for this lease. The amount to be paid during 2019 is $27,306.

NOTE 16 - LONG-TERM OBLIGATIONS

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

	Original Issue Amount	Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due within One Year
Governmental Activities:						
General Obligation Bonds:						
2011 - Various Purpose Refunding Bonds:						
Serial - 2%-2.50%	$1,195,000	$175,000	$0	$175,000	$0	$0
Term - 2.75%	110,000	110,000	0	0	110,000	55000
Term - 2.90%	115,000	115,000	0	0	115,000	0
Term - 3.60%	250,000	250,000	0	0	250,000	0
Bond Premium		10,956	0	1,240	9,716	0
Bond Discount		(6,884)	0	(779)	(6,105)	0
2012 - Capital Facilities Jail Refunding Bonds:						
Serial - 1%-2.50%	2,055,000	1,405,000	0	220,000	1,185,000	225,000
Bond Premium		4,831	0	805	4,026	0
Total General Obligation Bonds		2,063,903	0	396,266	1,667,637	280,000
OPWC Loans:						
2012 - Resurfacing OPWC Loan - 0%	185,400	92,700	0	92,700	0	0
2015 - County Road Paving Loan - 0%	136,903	109,523	0	109,523	0	0
2016 - Base Stabilization OPWC - 0%	107,433	96,689	0	96,689	0	0
Total OPWC Loans	429,736	298,912	0	298,912	0	0
Net Pension Liability:						
OPERS		34,256,708	0	11,918,523	22,338,185	0
STRS		1,423,684	0	224,227	1,199,457	0
Total Net Pension Liability		35,680,392	0	12,142,750	23,537,642	0
Net OPEB Liability:						
OPERS		14,920,777	251,502	0	15,172,279	0
STRS		233,831	0	233,831	0	0
Total Net OPEB Liability		15,154,608	251,502	233,831	15,172,279	0
Capital Leases		261,142	0	48,708	212,434	0
Compensated Absences - Sick Leave		507,318	52,987	82,456	477,849	15,843
Total Governmental Activities		$53,732,444	$304,489	$12,969,092	$41,067,841	$295,843

	Original Issue Amount	Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due within One Year
Business-Type Activities:						
OPWC Loans:						
1999 - Cherry Blossom Sewer Loan - 2.00%	$80,370	$11,880	$0	$4,681	$7,199	$4,728
1998 - Barlow Vincent Sewer Plant Loan - 0%	225,000	5,625	0	5,625	0	0
2012 Woodlawn Acres Sewer Improvements Loan - 0%	440,512	389,119	0	14,684	374,435	14,684
2011 Sanitary System Improvements Loan - 0%	168,053	134,442	0	8,402	126,040	8,403
Total OPWC Loans		541,066	0	33,392	507,674	27,815
1997 - FHA Sewer Loan - 4.5%	873,000	650,500	0	19,000	631,500	19,500
OWDA Loans:						
2004 - OWDA Sewer Loan - 3.41%	283,227	113,702	0	15,908	97,794	8,158
2009 - OWDA Riverview Sewer Rehabilitation Loan - 1.50%	283,024	179,847	0	13,786	166,061	6,971
2010 - OWDA Lift Station and Sewer Improvements Loan - 1.50%	227,595	160,946	0	10,841	150,105	5,481
2011 - OWDA Devola Lift Station Improvements Loan - 3.20%	1,556,231	1,153,515	0	66,485	1,087,030	34,043
Total OWDA Loans		1,608,010	0	107,020	1,500,990	54,653
Compensated Absences - Sick Leave		384	907	0	1,291	213
Total Business-Type Activities		$2,799,960	$907	$159,412	$2,641,455	$102,181

A. *Governmental Activities*

The 2011 Various Purpose Refunding Bonds are unvoted and are being retired from the General Bond Retirement Fund with general property tax revenues for the Juvenile Center portion and from with rental payments received from the Job and Family Services Special Revenue Fund for their portion. The 2004 Capital Facilities Jail Refunding Bonds are unvoted and was retired from the General Bond Retirement Fund with general property tax revenues in 2014. The 2004 Jail bonds consisted of serial and tem bonds. The term bonds and part of the serial bonds were refunded in 2012. The 2012 Capital Facilities Jail Refunding Bonds are unvoted and will be retired from the General Bond Retirement Fund with general property tax revenues. The OPWC loans are unvoted and will be retired from the Motor Vehicle and Gasoline Tax Fund. The capital leases are being paid for by the General Fund. Compensated absences for sick leave liabilities will be paid from the General Fund and the Mental Health, Job and Family Services, Child Support Enforcement Agency, Motor Vehicle and Gasoline Tax, County Home, Board of Developmental Disabilities, Children Services, Dog and Kennel, 911, Court Corrections, Sheriff, Disaster Services, Retired Senior Volunteer Program, and Real Estate Assessment Special Revenue Funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: the General Fund and the Mental Health, Job and Family Services, Child Support Enforcement Agency, Motor Vehicle and Gasoline Tax, County Home, Board of Developmental Disabilities, Children Services, Dog and Kennel, 911, Court Corrections, Common Pleas Background, Sheriff, Disaster Services, Retired Senior Volunteer Program, and Real Estate Assessment Special Revenue Funds.

2011 Refunding Bonds:

On November 11, 2011, the County issued refunding bonds of $1,670,000 consisting of $1,195,000 in serial bonds and $475,000 in term bonds. The bonds were sold at a premium and discount of $18,605 and $11,690, respectively, and will be amortized over the term of the bonds.

Mandatory Redemptions The Refunding Bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

Year	Amount
2019	$55,000

The remaining principal balance of $55,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

Year	Amount
2021	$55,000

The remaining principal balance of $60,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

Year	Amount
2023	$60,000
2024	60,000
2025	65,000

The remaining principal balance of $65,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding Term Bonds.

Optional Redemption The bonds maturing on or after December 1, 2019, are also subject to prior redemption, by and at the sole option of the County, in whole or in part as selected by the County (in whole multiples of $5,000), on any date on or after December 1, 2018, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

2012 Refunding Bonds:

On April 11, 2012, the County issued refunding bonds of $2,180,000 consisting of $2,055,000 in serial bonds and $125,000 in term bonds. The refunding bonds will mature on December 1, 2023. These bonds were issued to advance refund part of the 2004 Capital Facilities Jail Bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the County. The refunded bonds were retired in 2014.

Mandatory Redemptions The bonds that matured on December 1, 2015, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. The mandatory redemption occurred on December 1, 2015 at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, of $35,000.

Optional Redemption The bonds maturing on or after December 1, 2019, are also subject to prior redemption on or after June 1, 2019, by and at the sole option of the County, either in whole or in part (as selected by the County) on any date and in integral multiples of $5,000, at par plus accrued interest to the redemption date.

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2018, are as follows:

	Various Purpose Refunding Bonds		
Year Ended	Term		
December 31,	Principal	Interest	Total
2019	$55,000	$15,360	$70,360
2020	55,000	13,848	68,848
2021	55,000	12,335	67,335
2022	60,000	10,740	70,740
2023	60,000	9,000	69,000
2024-2026	190,000	13,860	203,860
	$475,000	$75,143	$550,143

	Capital Facilities Jail Refunding Bonds		
Year Ended	Serial		
December 31,	Principal	Interest	Total
2019	$225,000	$26,450	$251,450
2020	230,000	21,950	251,950
2021	235,000	17,350	252,350
2022	250,000	12,063	262,063
2023	245,000	6,125	251,125
	$1,185,000	$83,938	$1,268,938

OPWC:

In June 2012, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $185,400 at zero percent interest for the purpose of resurfacing certain county roads.

During 2015, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $136,903 at zero percent interest for the purpose of resurfacing certain county roads.

During 2016, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $107,433 at zero percent interest for the purpose of resurfacing certain county roads.

All three OPWC loans were paid off early in 2018.

B. Business-Type Activity

The Ohio Public Works Commission Devola loan, Woodlawn Acres loan, and part of the Cherry Blossom loan will be repaid using revenue from a special assessment assessed upon property owners. In the event of default of the property owners, the County would pay the loan using the operating revenues of the sewer district. The Barlow Vincent Sewer loan, Sanitary System Improvements loan, parts of the Cherry Blossom loan, the OWDA Loans, and the FHA loans will be repaid using operating revenues of the sewer district. All of the loans are recorded in the Sewer Enterprise Fund. All of the loans are general obligations except the OWDA Loans.

OWDA:

The 2004 Ohio Water Development Authority (OWDA) Sewer Loan relates to a project for engineering design of various Sewer projects. The loan is payable solely from net revenues along with a onetime charge of $1,000 per household to the residents in the Oxbow area. The loan is payable through 2024.

The 2009 Ohio Water Development Authority (OWDA) Riverview Sewer Rehabilitation Loan relates to the rehabilitation of sewer lines in the Riverview Community. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan is payable through 2030.

The 2010 Ohio Water Development Authority (OWDA) Lift Station and Sewer Improvements Loan relates to the rehabilitation of sewer lines for the Oxbow Sanitary Sewer System. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan is payable through 2031.

The 2011 Ohio Water Development Authority (OWDA) Devola Life Station and Sewer Improvements Loan relates to the rehabilitation of sewer lines for the Devola Sanitary Sewer System. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan is payable though 2032.

The County has pledged future customer revenues, net of specified operating expenses, to repay $1,500,990 in OWDA loans issued from 2004 to 2011. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2031. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans are expected to require fifty percent of net revenues in future years. The total principal and interest remaining to be paid on the loans is $1,774,449. Principal and interest payments for the current year were $128,585, net revenues were $36,207, and total revenues were $1,003,110.

The following is a summary of the County's future annual principal and interest requirements to retire the loans:

Year Ended December 31,	Principal	Interest	Total
2019	$101,968	$48,681	$150,649
2020	158,205	65,736	223,941
2021	159,439	61,698	221,137
2022	164,741	57,645	222,386
2023	168,643	53,407	222,050
2024-2028	838,083	202,597	1,040,680
2029-2033	703,404	91,259	794,663
2034-2038	264,919	22,153	287,072
2039-2043	73,419	0	73,419
2044	7,343	0	7,343
Total	$2,640,164	$603,176	$3,243,340

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 $33,490,809 and the unvoted debt margin was $12,706,445 at December 31, 2018.

NOTE 17 - INTERFUND TRANSFERS AND BALANCES

Interfund balances, as of December 31, 2018, consist of the following individual interfund receivables and payables:

	Interfund Receivable					
Interfund Payable	General	Board of Developmental Disabilities	County Home	Job and Family Services	Other Nonmajor Governmental	Total
Major Funds:						
General Fund	$0	$4,800	$1,200	$3,522	$1,600	$11,122
Motor Vehicle and Gas Tax	795	0	0	0	0	795
County Home	24,816	0	0	0	0	24,816
Job and Family Services	6,643	0	0	0	0	6,643
Mental Health and Addiction Recovery Board	8,288	0	0	0	0	8,288
Other Governmental Funds	23,622	0	0	0	4,338	27,960
Sewer Enterprise Fund	1,415	0	0	0	258,491	259,906
	$65,579	$4,800	$1,200	$3,522	$264,429	$339,530

The 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.

Certain interfund receivables/payables of a longer term repayment schedule also exist. The Capital Improvements Capital Projects Fund provided interfund loans to the Sewer Enterprise Fund for $359,091 in 2016 for an OWDA loan payment. The Sewer Fund began to repay the loan in 2018.

Interfund transfers for the year ended December 31, 2018, consisted of the following:

	Transfer In				
Transfer Out	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Other Nonmajor Governmental	Total
General Fund	$0	$0	$180,632	$1,728,137	$1,908,769
Other Nonmajor Governmental Funds	0	68,981	0	0	68,981
Total All Funds	$0	$68,981	$180,632	$1,728,137	$1,977,750

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 18 - SIGNIFICANT COMMITMENTS

A. 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	$792,271
Motor Vehicle and Gasoline Tax	1,143,483
Board of Developmental Disabilities	249,254
County Home	45,269
Job snd Family Services	12,022
Mental Health and Addiction Recovery Board	610,117
Nonmajor Governmental Funds	391,947
Total Governmental Funds	3,244,363
Enterprise Fund:	
Sewer	1,555
Total	$3,245,918

B. Contractual Commitments

As of December 31, 2018, the County had a contractual purchase commitment as follows:

Project	Purchase Commitment	Amount Paid as of 12/31/2018	Amount Remaining on Contract
Public Defender's Office Renovations:			
General Fund	$84,490	$7,500	$76,990
Terri Lane Pump Station Improvements:			
Sewer Fund	34,435	19,435	15,000
County Road 14 Paving:			
MVGT Fund	1,043,275	0	1,043,275
Centerline Striping:			
MVGT Fund	33,051	2,956	30,095
General Fund	3,844	3,844	0
County Road 76, County Road 8, and County Road 133 Landslip Repair:			
MVGT Fund	150,867	0	150,867
County Road 42 Landslip Repair:			
MVGT Fund	23,000	0	23,000
County Road 3 Guardrail Project:			
MVGT Fund	384,256	0	384,256
Centerline Striping:			
General Fund	23,697	0	23,697
County Road 33 and County Road 406 Landslip Repair:			
MVGT Fund	145,784	0	145,784

NOTE 19 - FINANCIAL GUARANTEE

In April 2014, Washington County guaranteed one year of debt payments equal to $55,291.79 of the Southeastern Ohio Port Authority's Rural Industrial Park Loan of $484,970. The guarantee will remain in effect until the debt is paid in full. The Southeastern Ohio Port Authority is a discretely presented component unit of the County. The County assumes the responsibility to provide financial support to the Authority and has guaranteed the debt of the Authority. The Rural Industrial Park Loan was issued for the completion of the Ingenuity Center located at 300 Commerce Drive in Marietta, Ohio. The Center was built to bring job opportunities to the area by offering manufacturing, distribution, and office space for lease. Under the agreement, principal and interest payments are not required until September 1, 2019, unless the Center is leased. In the event that the Authority cannot lease the Center in order to make the loan payments, the County will be responsible for one year of payments. The County entered into an agreement with the Authority to receive reimbursements for any payments that may be made. The Loan is secured by the Center's mortgage. If the Authority cannot make the loan payments and a sale of the property takes place, the County will be reimbursed for the payments made with proceeds received in excess of the balance owed by the Authority. It was determined that it was not likely the County would be required to pay the loan payments and, therefore, no liability was recognized in the statements. On April 12, 2016, the Center was leased and the Authority began receiving rent.

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Buckeye Hills Regional Council

The Buckeye Hills Regional Council serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The Council is governed by a fifteen member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The Council administers County Community Development Block Grant and Transportation Improvement Program monies. During 2018, the Council received $19,369 in administrative fees from Washington County. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists.

B. Southeastern Ohio Joint Solid Waste Management District

The County is a member of the Southeastern Ohio Joint Solid Waste Management District which consists of Washington, Guernsey, Monroe, Morgan, Muskingum, and Noble Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District provides for management strategies and local government funding on behalf of the participating counties regarding contractual arrangements with private solid waste disposal facilities, which would assure continued access to adequate disposal capacity for the District. The District was created in 1989 as required by the Ohio Revised Code.

The Southeastern Ohio Joint Solid Waste Management District is governed and operated through three groups. An eighteen-member board of directors, composed of the three Commissioners from each County, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2018. No future contributions by the County are anticipated. A thirty-one member policy committee composed of five 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. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

C. Washington-Morgan Community Action Corporation

The Community Action Corporation of Washington-Morgan Counties is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program, the Community Action Bus Line (CABL), the Child Development Program, the Senior Nutrition Program, Women, Infants and Childrens' Supplemental Nutrition Program, the Home Weatherization Assistance and Energy Program, the Workforce Innovation and Opportunity Act Program, Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program, and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, the Washington County Recorder, one Barlow Township Trustee, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. The continued existence of the Corporation is not dependent on the County's continued participation and no equity interest exists.

D. Washington County Family and Children First Council

The Washington County Family and Children First Council provide services to multi-need youth in Washington County. Members of the Council include the Washington County Health Department, the Regional Office of Youth Services, the Washington County Juvenile Court, the Washington County Mental Health Board, Washington County Children Services, the General Health District, a representative from the City of Marietta Health Department, and a representative of the Washington County School Districts. The operation of the Council is controlled by an advisory committee which consists of a representative from each agency. In 2018, the County contributed $206,051.

E. Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives and one Washington County Commissioner serves on the Commission. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. In 2018, the County contributed $5,940 to the Commission. The continued existence of the Commission is not dependent on the County's continued participation and no equity interest exists.

F. Buckeye Hills Resource Conservation and Development Council (RC&D)

RC&D is a 501 (c) (3) non-profit entity, serving a nine county region in southeastern Ohio including Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Council was created to identify and solve problems in rural communities including human, economic, natural resources and environmental issues. The RC&D is sponsored by the Boards of County Commissioners and the Soil and Water Conservation Districts in the nine counties, along with the Muskingum Watershed Conservancy District and the Rush Creek Conservancy District. The governing body of RC&D is the Executive Council, made up of 29 members that include three representatives from each county and one representative from each conservancy district. The Executive Council exercises total control over the operations of RC&D including budgetary, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the Executive Council. During 2018, the Council received $400 in administrative fees from Washington County. The continued existence of the District is not dependent on the County’s continued participation and no equity interest exists.

G. Mid-East Ohio Regional Council (MEORC)

The Mid-East Ohio Regional Council is a council of governments created pursuant to Ohio Revised Code Chapter 167. Participating counties include Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Licking, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington Counties. MEORC was created to provide the best possible services to persons with developmental disabilities in their respective counties. Each county has representation on the MEORC board. Member counties have a contract between its county BDD board and the MEORC for MEORC to provide supported living services or housing to eligible persons in the member counties. To obtain financial information, write to the Mid-East Ohio Regional Council, Cathy Henthorn, who serves as Director of Financial Operations, 1 Avalon Road, Mt. Vernon, Ohio 43050.

H. Ohio Valley Employment Resource (OVER)

The Ohio Valley Employment Resource (OVER) is a jointly governed organization whereby the three county commissioners from Monroe, Morgan, Noble, and Washington Counties serve on the governing board. OVER was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Innovation and Opportunity Act, P.L. 113-128. The continued existence of OVER is not dependent upon the County's continued participation and no equity interest or debt exists.

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 Washington County Commissioners to sit on the council. Currently, Washington 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 ORGANIZATION

The Washington County Public Library is statutorily created as a separate and distinct political subdivision of the State governed by a board of trustees consisting of seven members. The Washington County Commissioners appoint three members and the Court of Common Pleas appoints the remaining members. The County made no contributions to the Public Library. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the board of trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree.

NOTE 22 - INSURANCE PURCHASING POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among sixty-six 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 2018 was $260,202.

B. County Employee Benefits Consortium of Ohio, Inc. (CEBCO)

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

The business and affairs of the consortium are governed by a board composed of representatives of counties that participate in the program. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times one director is required to be a member of the board of directors of the County Commissioners Association of Ohio and another is required to be a board member of the County Risk Sharing Authority, Inc.

Upon withdrawal from the Consortium, the County will be responsible for paying the funding rates and assessments, if any, that were applicable during the term of the agreement and shall remain responsible for any assessments made by the board for one or more years of the County's participation in CEBCO.

NOTE 23 - FOOD STAMPS

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Washington 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 24 - CONTINGENT LIABILITIES

A. Federal and State Grants

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.

B. Litigation

Lawsuits are pending against the County. Based upon information provided by the County, any potential liability and effect on the financial statements, if any, is not determinable at this time.

NOTE 25 - SOUTHEASTERN OHIO PORT AUTHORITY

A. Reporting Entity

The Southeastern Ohio Port Authority, Washington County (the Port Authority), was created during 2003 by the Washington County Commissioners pursuant to Sections 4582.202 through 4582.58, inclusive of the Ohio Revised Code, for the purpose of promoting the manufacturing, commerce, distribution, research, and development interests of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region. Other purposes include inducing the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities to purchase, subdivide, sell, and lease real property in Southeastern Ohio. The Port Authority also strives to erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio.

The Port Authority Board of Directors consists of the number of Directors it deems necessary and they are appointed by the Washington County Commissioners. As such, it is considered a discretely presented component unit of Washington County. Currently, eleven Directors serve on the Board.

The Port Authority's management believes these financial statements present all activities for which the Southeastern Ohio Port Authority is financially accountable.

B. Summary of Significant Accounting Policies

The financial statements of the Port Authority 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 Port Authority's accounting policies are described below.

Basis of Presentation

The Port Authority's financial statements consist of government-wide statements, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus

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

The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The Statement of Cash Flows provides information about how the Port Authority finances and meets the cash flow needs.

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.

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.

Non-exchange transactions, in which the Port Authority receives value without directly giving equal value in return, include grants and donations. Revenue from grants 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 Port Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Port Authority on a reimbursement basis.

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 Port Authority, deferred outflows of resources are reported on the government-wide statements of net position for pension and other post-employment benefits (OPEB). The deferred outflows of resources related to these items are explained in Notes G and H.

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 as an inflow of resources (revenue) until that time. For the Port Authority, deferred inflows of resources consist of pension and OPEB and are reported on the statement of net position. (See Notes G and H)

Expenses are recognized on the accrual basis of accounting, and are reported at the time they are incurred.

<u>Budgetary Process</u>

The Ohio Revised Code requires that the Port Authority Board of Directors prepare an annual budget.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

Encumbrances The Ohio Revised Code requires the Port Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and re-appropriated in the subsequent year.

<u>Cash and Cash Equivalents</u>

Cash assets are maintained in non-interest bearing and interest bearing checking and money market accounts.

The Port Authority had no investments during the year or at year end.

Receivables and Payables

Receivables and payables are recorded on the Port Authority'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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. All capital assets are depreciated, except land. Depreciation is computed using the straight-line method over five years of the useful lives for Machinery and Equipment and over 50 years for Buildings.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "leave benefits payable", rather than long term liabilities, 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 the Port Authority has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Port Authority's termination policy. The Port Authority records a liability for accumulated, unused sick leave for all employees when they start working per the Port Authority's employee policy.

Pension and Other Post Employment Benefits (OPEB)

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and liabilities 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. The Port Authority does not have restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Port Authority. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as non-operating.

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.

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 management and that are either unusual in nature or infrequent in occurrence. The Port Authority did not have any extraordinary or special items in 2018.

C. Deposits and Investments

State statutes classify monies held by the Port Authority into three categories.

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Port Authority Treasury, in commercial accounts payable or that can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

2. Inactive deposits are public deposits that the Port Authority has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Port Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

Interim monies may be deposited or invested in the following securities:

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 securities issued by any federal government agency or instrumentality, including, but not limited to, 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. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

4. Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook accounts;

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio.

6. The State Treasurer's investment pool (STAROhio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) 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.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, all of the Port Authority's bank balances of $251,756 were covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

The Port Authority 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 Port Authority 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.

Two of the Port Authority's four financial institutions have joined OPCS. As of December 31, 2018, the remaining two financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

D. <u>Receivables</u>

Receivables at December 31, 2018, consisted of an accounts receivable in the amount of $39,127 arising from the reimbursement of the 2018 Real Estate Taxes. All receivables are considered collectible in full.

E. <u>Capital Assets</u>

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

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
Non-Depreciable Capital Assets:				
Land	$124,950	$0	$0	$124,950
Depreciable Capital Assets:				
Buildings	2,155,962	0	0	2,155,962
Machinery and Equipment	16,858	6,000	0	22,858
Total Depreciable Capital Assets	2,172,820	6,000	0	2,178,820
Accumulated Depreciation:				
Buildings	(159,900)	(43,119)	0	(203,019)
Machinery and Equipment	(12,838)	(1,788)	0	(14,626)
Total Accumulated Depreciation	(172,738)	(44,907)	0	(217,645)
Total Depreciable Capital Assets, Net	2,000,082	(38,907)	0	1,961,175
Capital Assets, Net	$2,125,032	($38,907)	$0	$2,086,125

F. Risk Management

The Port Authority 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. The Port Authority contracts with Peoples Insurance Agency who, on behalf of the Port Authority, negotiates property and casualty insurance coverage with Cincinnati Insurance Company and CNA Insurance Company for management and professional insurance coverage. The following lists the coverage limits and deductibles:

Property ($500 deductible):	
Contents	$50,000
Crime ($250 Deductible):	
Employee Dishonesty / Forgery or Alteration	50,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal & Advertising Injury Limit	1,000,000
Hired and Non-owned Auto Liability	1,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000
Directors & Officers Liability:	
Each Occurrence	1,000,000
Scheduled Retention	2,500/5,000

Bond Coverage for the Secretary/Treasurer is included in Non-Profit Organization and Management Liability Insurance Policy.

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The Port Authority pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

G. Defined Benefit Pension Plan

Net Pension Liability

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 Port Authority'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 Port Authority's obligation for this liability to annually required payments. The Port Authority cannot control benefit terms or the manner in which pensions are financed; however, the Port Authority 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.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Port Authority 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.

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

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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

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

The Port Authority's contractually required contribution to the Traditional Plan was $9,100 for 2018. Pension expense for the Member-Directed Plan for 2018 was $3,915. All contributions were paid in 2018.

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on the Port Authority'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
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00028900%
Prior Measurement Date	0.00024400%
Change in Proportionate Share	0.00004500%
Proportionate Share of the Net Pension Liability	$45,338

At December 31, 2018, the Port Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$4,714
Difference between expected and actual experience	46
Change in assumptions	5,418
Port Authority contributions subsequent to the measurement date	9,100
Total Deferred Outflows of Resources	$19,278
Deferred Inflows of Resources	
Differences between expected and actual experience	$893
Difference between projected and actual investment earnings	9,734
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	3,020
Total Deferred Inflows of Resources	$13,647

$9,100 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2019	$3,484
2020	1,334
2021	(4,286)
2022	(4,001)
Total	($3,469)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the 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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 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 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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 Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Port Authority'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 Port Authority'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%)
Port Authority's proportionate share of the net pension liability	$80,510	$45,338	$16,016

Changes between Measurement Date and Report Date

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

H. *Defined Benefit OPEB Plan*

Net OPEB Liability

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, "115 HealthCare 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 No. 75.

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 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 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 2018 was 4.0 percent.

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

The Port Authority's contractually required contribution was $0 for 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port Authority's proportion of the net OPEB liability (asset) was based on the Port Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00056000%
Prior Measurement Date	0.00050000%
Change in Proportionate Share	0.00006000%
Proportionate Share of the Net OPEB Liability	$60,812
OPEB Expense	8,279

At December 31, 2018, the Port Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Difference between expected and actual experience	$47
Change in assumptions	4,428
Total Deferred Outflows of Resources	$4,475
Deferred Inflows of Resources	
Difference between projected and actual investment earnings	$4,530
Total Deferred Inflows of Resources	$4,530

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPEB Net Deferred Inflows/(Outflows) of Resources
2019	$1,007
2020	1,007
2021	(938)
2022	(1,131)
Total	($55)

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the OPERS Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2% for 2017.

Discount rate. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the OPEB liability calculated using the single discount rate of 3.85%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

As of December 31, 2017	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Port Authority Net OPEB Liability	$80,791	$60,812	$44,649

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

As of December 31, 2017	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Port Authority Net OPEB Liability	$58,184	$60,812	$63,526

I. Other Employer Benefits

Compensated Absences

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 or separation of employment, employees are paid up to a maximum of 240 hours.

Unused vacation time and compensatory time are paid to a terminated employee at their rate of pay at the time of retirement as well up to 80 hours.

J. Long-Term Obligations and Other Obligations

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

	Restated Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due within One Year
Rural Industrial Development Loan - 3%	$412,990	$0	$30,020	$382,970	$30,932
Net Pension Liability - OPERS	55,408	0	10,070	45,338	0
Net OPEB Liability - OPERS	50,502	10,310	0	60,812	0
Sick Leave Payable	1,698	1,983	0	3,681	0
Total Long-Term Oblligations	$520,598	$12,293	$40,090	$492,801	$30,932

On April 1, 2014, the Port Authority received a $484,970 Rural Industrial Park Loan from the Ohio Department of Development for completion of the Ingenuity Center located at 300 Commerce Drive in Marietta, Ohio. Only $458,719 was needed and received. Under the agreement, principal and interest payments were not required until September 1, 2019, unless the Center was rented before that date. During 2016, the Center started collecting rent and a new amortization schedule was created. Principal and interest payments required to retire the debt are as follows:

Year	Principal	Interest
2019	$30,932	$11,988
2020	31,873	10,969
2021	32,842	9,919
2022	33,842	8,836
2023	34,871	7,128
2024-2027	150,417	19,636
2028-2029	68,193	1,954
	$382,970	$70,430

Conduit Debt

Pursuant to State statue, the Port Authority has issued revenue bonds, hospital revenue bonds, and obtained an Ohio Water Development Authority (OWDA) loan to provide financial assistance to private sector entities for new construction or improvements. The Port Authority, the State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

The Port Authority entered into a private/public partnership with Eramet Marietta, LLC, Americas Styrenics, Solvay Advanced Polymers, and Energizer for the construction and rental a water production facility located across from the aforementioned industries on the banks of the Ohio River. Organized as Good River Distribution LLC, the water production facility provides process water and fire water to the partner industries. Good River Distribution LLC's assets are controlled by the Port Authority until such time as the rental agreement expires.

During 2012, the Port Authority obtained a State Assistance Revenue Bond, Series 2012, in the amount of $4,175,000 to acquire, install, and construct a water screening, service water supply, and pumping system. The interest rate is 4.375% and the maturity date is June, 2027. As of December 31, 2018, $2,780,000 of the revenue bond is outstanding.

During 2012, the Port Authority obtained a loan in the amount of $6,000,000 from the OWDA for construction, maintenance, and operation of Good River Distribution, LLC. The loan will be repaid solely by rent received from members of Good River Distribution, LLC. The maturity date is January, 2028. As of December 31, 2018, $3,908,558 remains on the loan.

During 2015, the Port Authority and Marietta Area Health Care issued $60,000,000 in Hospital Facilities Improvement Bonds. The bonds were issued for the purpose of acquisition, construction, renovation, equipping, and installation of electronic medical records system as well as various improvements to the health care facilities. As of December 31, 2018, $59,500,000 of the revenue bond is outstanding.

As of December 31, 2018, there are $132,155,000 of 2012 Hospital Facilities Revenue Refunding and Improvement Bonds outstanding. These Bonds mature in various annual amounts through 2042, interest is due semiannually at rates ranging from 3% to 6%.

The County reports its roads and bridges infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments and budgeted versus actual expenditures for the preservation of these assets.

County Roads

The Washington County Engineer uses a pavement management system to evaluate the condition of the County's nearly 341 miles of roads considering pavement surface type, condition, traffic factors, maintenance history and professional judgment. All County Roads are rated once every two years, the system rates the condition as follows:

Conditon Category	Condition Index Range	Description of Condition
Failed	<30	Impassable, unsafe, needs major reconstruction
Poor	31-49	Passable, marginally safe, needs major repair
Fair	50-67	Average, functions as designed, needs routine maintenance and repair
Good	68-81	Safe and very suitable for its purpose, needs preventative maintenance
Very Good	82-91	Like new, no repair needed
Excellent	>92	New, no repair needed

It is the goal of the Washington County Engineer that 90% of the County roads are rated at fair or better condition.

Bridges

Bridges are evaluated annually as required by law and following the Ohio Department of Transportation inspection and inventory guidelines. Bridges are rated by a general appraisal as follows:

Bridge General Appraisal Rating	Description of Condition
9	Excellent, new or like new
8	Very good, no problems
7	Good, minor deterioration of structural elements
6	Satisfactory, minor deterioration of structural elements
5	Fair, still functioning as designed, minor section loss to structural elements, non-structural deterioration
4	Poor, needs major repair or manitenance, to continue to function, load reduction may be needed.
3	Serious, needs major rehabilitation to continue to function, may need load reduction
2	Critical, not functioning as designed, load reduction, replacement needed
1	Closed

It is the goal to maintain the Washington County bridges such that 90% have general appraisals of 5 or higher.

The following summarized the road and bridge conditions as of December 31, 2018, 2017, and 2016:

Road Condition as of December 31,

	2018		2017		2016	
Condition Category	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation
Excellent	13%	100%	32%	100%	28%	100%
Very Good	32%	87%	29%	68%	21%	72%
Good	34%	55%	25%	39%	37%	51%
Fair	20%	21%	13%	14%	13%	14%
Poor	1%	1%	1%	1%	1%	1%
Failed	0%	0%	0%	0%	0%	0%

99% of the roads were rated in 2018 as fair or better condition, exceeding the goal of 90% rated as fair or better.

Bridge Condition as of December 31,

Bridge	2018		2017		2016	
General Appraisal	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation
9	2%	2%	2%	2%	4%	4%
8	13%	15%	13%	15%	15%	19%
7	40%	55%	38%	53%	37%	56%
6	30%	85%	33%	86%	31%	87%
5	11%	96%	10%	96%	10%	97%
4	3%	99%	4%	100%	2%	99%
3	1%	99%	0%	100%	0%	100%
2	0%	100%	0%	100%	0%	100%
1	0%	100%	0%	100%	0%	100%

95% of the bridges were rated in 2018 as having a general appraisal of 5 or greater, exceeding the stated goal of 90%

Budget versus actual expenditures for roads and bridges maintenance for the last five years is as follows:

Total Road and Bridge Maintenance Expense	Budgeted	Actual	Difference
2018	$5,217,762	$4,582,299	$635,463
2017	4,976,009	4,140,971	835,038
2016	4,801,489	3,851,899	949,590
2015	5,903,408	3,804,716	2,098,692
2014	5,374,935	3,905,964	1,468,971

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

	2018
County Contributions:	
County's Proportion of the Net Pension Asset	0.12306480%
County's Proportionate Share of the Net Pension Asset	$167,529
County's Covered Payroll	$509,377
County's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	32.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.28%

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

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

Washington 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 Five Years (1)

	2018	2017	2016	2015	2014
County Contributions:					
County's Proportion of the Net Pension Liability	0.14095770%	0.15003445%	0.15129960%	0.15354432%	0.15129960%
County's Proportionate Share of the Net Pension Liability	$22,113,531	$34,070,272	$26,206,999	$18,519,161	$18,100,875
County's Covered Payroll	$18,117,319	$18,830,509	$15,763,276	$18,087,866	$17,734,513
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.06%	180.93%	166.25%	102.38%	102.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
Special Funding Situation:					
County's Proportion of the Net Pension Liability	0.0014320%	0.0008210%			
County's Proportionate Share of the Net Pension Liability	$224,654	$186,436			

(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.

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

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
County's Proportion of the Net Pension Liability	0.00545511%	0.00599314%	0.00693104%	0.00749110%	0.00656247%	0.00749110%
County's Proportionate Share of the Net Pension Liability	$1,199,456	$1,423,684	$2,320,028	$2,070,321	$1,596,220	$1,901,407
County's Covered Payroll	$620,157	$658,871	$729,279	$781,571	$722,077	$669,146
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.41%	216.08%	318.13%	264.89%	221.06%	284.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

Washington County, Ohio

Required Supplementary Information

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

Ohio Public Employees Retirement System - OPEB Plan

Last Two Years (1)

	2018	2017
County Contributions:		
County's Proportion of the Net OPEB Liability	0.13837740%	0.14695550%
County's Proportionate Share of the Net OPEB Liability	$15,026,766	$14,843,004
County's Covered Payroll	$19,137,321	$19,822,217
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	78.52%	74.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%
Special Funding Situation:		
County's Proportion of the Net OPEB Liability	0.0013400%	0.0007700%
County's Proportionate Share of the Net OPEB Liability	$145,514	$135,345

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

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

Washington County, Ohio

Required Supplementary Information

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

State Teachers Retirement System of Ohio - OPEB Plan

Last Two Fiscal Years (1)

	2018	2017
County's Proportion of the Net OPEB Liability	0.00545511%	0.00599314%
County's Proportionate Share of the Net OPEB Liability	($87,658)	$233,831
County's Covered Payroll	$658,871	$729,279
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-13.30%	32.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.11%

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

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

See accompanying notes to the required supplementary information

Washington County, Ohio
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System
Last Six Years (1) (2)

	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan						
Contractually Required Contribution	$2,596,416	$2,448,509	$2,357,601	$1,974,734	$2,264,070	$2,392,487
Contributions in Relation to the Contractually Required Contribution	(2,596,416)	(2,448,509)	(2,357,601)	(1,974,734)	(2,264,070)	(2,392,487)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
County Covered Payroll	$17,878,693	$18,117,319	$18,830,509	$15,763,276	$18,087,866	$17,734,513
Contributions as a Percentage of Covered Payroll	14.52%	13.51%	12.52%	12.53%	12.52%	13.49%
Net Pension Asset - Combined Plan						
Contractually Required Contribution	$78,431	$66,219	$58,720	$50,880	$44,334	$41,784
Contributions in Relation to the Contractually Required Contribution	(78,431)	(66,219)	(58,720)	(50,880)	(44,334)	(41,784)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
County Covered Payroll	$560,221	$509,377	$489,333	$424,000	$369,450	$321,415
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Net OPEB Liability - OPEB Plan (2)						
Contractually Required Contribution	$23,663	$20,425	$20,095			
Contributions in Relation to the Contractually Required Contribution	(23,663)	(20,425)	(20,095)			
Contribution Deficiency (Excess)	$0	$0	$0			
County Covered Payroll (3)	$19,030,489	$19,137,321	$19,822,217			
Contributions as a Percentage of Covered Payroll	0.12%	0.11%	0.10%			
Special Funding Situation - Net Pension Liability						
Contractually Required Contribution	$24,406	$24,609	$12,736			
Contributions in Relation to the Contractually Required Contribution	(24,406)	(24,609)	(12,736)			
Contribution Deficiency (Excess)	$0	$0	$0			
Special Funding Situation - Net OPEB Liability						
Contractually Required Contribution	$0	$1,893	$2,123			
Contributions in Relation to the Contractually Required Contribution	0	(1,893)	(2,123)			
Contribution Deficiency (Excess)	$0	$0	$0			

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

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$91,664	$85,140	$100,079	$105,231
Contributions in Relation to the Contractually Required Contribution	(91,664)	(85,140)	(100,079)	(105,231)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$654,743	$608,143	$714,850	$751,650
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$654,743	$608,143	$714,850	$751,650
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

2014	2013	2012	2011	2010	2009
$91,999	$73,975	$76,225	$76,575	$72,436	$73,270
(91,999)	(73,975)	(76,225)	(76,575)	(72,436)	(73,270)
$0	$0	$0	$0	$0	$0
$675,966	$569,038	$586,346	$589,038	$557,200	$563,615
13.61%	13.00%	13.00%	13.00%	13.00%	13.00%
$2,874	$5,690	$5,863	$5,890	$5,572	$5,636
(2,874)	(5,690)	(5,863)	(5,890)	(5,572)	(5,636)
$0	$0	$0	$0	$0	$0
$675,966	$569,038	$586,346	$589,038	$557,200	$563,615
0.43%	1.00%	1.00%	1.00%	1.00%	1.00%

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Changes in Assumptions – OPERS Pension

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

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 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 beginning in 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 Pension

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

	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.

Beginning in 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.

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – STRS OPEB

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

Changes in Benefit Terms – STRS OPEB

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

WASHINGTON COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Job and Family Services				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	B-181911-5819	$0	500,860
Total SNAP Cluster			0	500,860
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2018/2019	0	23,825
National School Lunch Program	10.555	2018/2019	0	42,767
Summer Food Service Program for Children	10.559	2018/2019	0	38,692
Total Child Nutrition Cluster			0	105,284
Passed Through Ohio Department of Natural Resources				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665	2018	0	38,437
Total Forest Service Schools and Roads Cluster			0	38,437
Total U.S. Department of Agriculture			0	644,581
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through Ohio Development Services Agency				
Community Development Block Grants - State's Program	14.228	B-C-16-1CY-1	0	303,661
		B-F-17-1CY-1	0	30,494
		B-X-17-1CY-1	0	111,467
Total Community Development Bock Grants - State's Program			0	445,622
HOME Investment Partnership Program	14.239	B-C-16-1CY-2	0	188,207
Total U.S. Department of Housing and Urban Development			0	633,829
U.S. DEPARTMENT OF INTERIOR				
Passed Through Ohio Department of Natural Resources				
Payments in Lieu of Taxes	15.226	2018	0	27,896
National Forest Acquired Lands	15.438	2018	0	124,729
Total U.S. Department of Interior			0	152,625
U.S. DEPARTMENT OF JUSTICE				
Passed Through Ohio Attorney General's Office				
Crime Victim Assistance	16.575	2019-VOCA-132134889	0	23,574
		2018-VOCA-109858997	0	38,826
		2019-VOCA-132134885	0	14,565
Total Crime Victim Assistance			0	76,965
Bullet Proof Vest Partnership	16.607	2018	0	1,278
Total U.S. Department of Justice			0	78,243
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Public Safety				
State and Community Highway Safety	20.600	2018	0	4,575
Minimum Penalties for Repeat Offenders for Driving While Intoxicat	20.608	2018	0	5,550
Federal Highway Administration				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction	20.205	PID 103460	0	2,380
		PID 98775	0	118,110
		PID 101743	0	878,810
		PID 097091	0	334,594
		PID 108497	0	404,552
Total Highway Planning and Construction			0	1,738,446
Subtotal Federal Highway Administration			0	1,738,446

WASHINGTON COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
Federal Transit Administration				
Passed Through Ohio Department of Transportation				
Formula Grants for Rural Areas	20.509	RPTF-4088-050-181	0	88,193
		RPTM-0088-050-181	0	110,462
			0	198,655
National Infrastructure Investments Program	20.933	PID 103309	0	34,883
Subtotal Federal Transit Administration			0	233,538
Total U.S. Department of Transportation			0	1,982,109
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Special Education Cluster:				
Special Education - Grants to States	84.027	2018/2019	0	44,081
Special Education - Preschool Grants	84.173	2018/2019	0	14,927
Total Special Education Cluster			0	59,008
Passed Through Ohio Department of Developmental Disabilities				
Special Education - Grants for Infants and Families	84.181	H181A160024	4,000	13,154
		H181A170024	2,500	45,008
Total Special Education - Grants for Infants and Families			6,500	58,162
Total U.S. Department of Education			6,500	117,170
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	2018/2019	0	41,915
Passed Through Ohio Department of Job and Family Services				
Social Services Block Grant	93.667	G-1819-11-5819	0	595,718
Passed Through Ohio Department of Mental Health and Addiction Services				
Social Services Block Grant	93.667	2018/2019	37,659	37,659
Total Social Services Block Grant			37,659	675,292
Passed Through Ohio Department of Developmental Disabilities				
Medical Assistance Program	93.778	2018/2019	0	315,416
		2018/2019	0	43,318
Total Medical Assistance Program			0	358,734
Passed Through Ohio Department of Job and Family Services				
Medical Assistance Program	93.778	B-1819-11-5819	0	797,334
		G-1819-11-5821	0	42,174
Total Medical Assistance Program			0	839,508
Total Medicaid Cluster			0	1,198,242
Passed Through Ohio Department of Mental Health and Addiction Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2018/2019	71,479	131,399
		1800158	27,670	27,670
Total Block Grants for Prevention and Treatment of Substance Abuse			99,149	159,069
Passed Through Ohio Department of Mental Health and Addiction Services				
Block Grants for Community Mental Health Service	93.958	2018/2019	24,030	24,030
Passed Through Ohio Department of Family and Children First				
Promoting Safe and Stable Families	93.556	5AU-18-C0084	0	29,575
		5AU-19-C0084	0	5,274
			0	34,849
Passed Through Ohio Department of Job and Family Services				
Promoting Safe and Stable Families	93.556	G-1819-11-5821	0	57,878
Total Promoting Safe and Stable Families			0	92,727

WASHINGTON COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through Ohio Department of Family and Children First				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-18-C0084	0	3,655
		5AU-19-C0084	0	652
Total Stephanie Tubbs Jones Child Welfare Services Program			0	4,307
Passed Through Ohio Department of Job and Family Services				
Temporary Assistance for Needy Families	93.558	G-1617-11-5593	0	582,616
		B-1819-11-5819	0	1,373,734
		G-1819-11-5821	0	8,738
Total Temporary Assistance for Needy Families (TANF Cluster)			0	1,965,088
Children's Health Insurance Program	93.767	G-1617-11-5593	0	157,215
		B-1819-11-5819	0	32,551
Total Children's Health Insurance Program			0	189,766
Child Support Enforcement	93.563	G-1819-11-5820	0	195,947
Child Care and Development Block Grant- CCDF Cluster	93.575	B-1819-11-5819	0	50,497
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5821	0	454,158
Foster Care - Title IV-E	93.658	G-1819-11-5821	0	486,384
Adoption Assistance	93.659	G-1819-11-5821	0	223,858
Chafee Foster Care Independence Program	93.674	G-1819-11-5821	0	12,403
Total U.S. Department of Health and Human Services			160,838	5,731,768
CORPORATION FOR NATURAL AND COMMUNITY SERVICE				
Passed through the North Central Service Center:				
Retired and Senior Volunteer Program	94.002	16SRNOH005	0	48,918
Total Corporation for Natural and Community Service			0	48,918
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Ohio Department of Public Safety				
Disaster Grants - Public Assistance	97.036	43329	0	49,303
		43457	0	19,678
		46145	0	12,673
Total Disaster Grants - Public Assistance			0	81,654
Passed through Ohio Emergency Management Agency				
Emergency Management Performance Grant	97.042	EMC-2018-EP-00008-S01	0	43,278
Total U.S. Department of Homeland Security			0	124,932
Total Schedule of Expenditures of Federal Awards			**167,338**	**9,514,175**

The accompanying notes are an integral part of this Schedule.

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WASHINGTON COUNTY

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Washington County, Ohio (the County) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F - MATCHING REQUIREMENTS

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

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OHIO AUDITOR OF STATE
KEITH FABER

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(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Washington County
205 Putnam Street
Marietta, Ohio 45750

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 10, 2019, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2019

OHIO AUDITOR OF STATE
KEITH FABER

53 Johnson Road
The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Washington 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, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2019

WASHINGTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Temporary Assistance for Needy Families, CFDA #93.558 • Social Services Block Grant , CFDA #93.667	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 24, 2019