South Central Ohio Job and Family Services
Ross County
Single Audit
For the Fiscal Year Ended June 30, 2018

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the South Central Ohio Job and Family Services, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The South Central Ohio Job and Family Services is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2019

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South Central Ohio Job and Family Services
Table of Contents
For the Fiscal Year Ended June 30, 2018

Independent Auditor's Report

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Ohio Job and Family Services, Ross County, Ohio (the Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Ohio Job and Family Services, Ross County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 3 to the financial statements, during fiscal year 2018, the Board adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The 2018 financial statements have been restated due to this implementation. 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 that the management's discussion and analysis on pages 4 through 14, the schedule of the Board's proportionate share of net pension and OPEB liabilities on pages 49 and 50, and the schedule of the Board pension and OPEB contributions on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The budgetary comparison schedules and the Federal Awards Expenditures Schedule, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the Federal Awards Expenditures Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and the Federal Awards Expenditures Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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 Board's internal control over financial reporting and compliance.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 18, 2019

The discussion and analysis of the South Central Ohio Job and Family Services' (the Board) financial performance provides an overview and analysis of the Board's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Board's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The liabilities and deferred inflows of resources of South Central Ohio Job and Family Services exceeded its assets and deferred outflows of resources at June 30, 2018 by $10,394,901.
- In total, net position of governmental activities increased by $503,737 or 4.62 percent.
- Program specific revenues in the form of charges for services and grants and contributions accounted for $23,390,003 or 94.00 percent of total revenues.
- The Board had $24,378,869 in expenses related to governmental activities; $23,390,003 of these expenses was offset by programs specific charges for services, grants and contributions. General revenues (primarily taxes) of $1,492,603 were utilized to provide for these programs.
- The Board recognizes five major governmental funds: the Public Assistance Fund, the Child Support Fund, the Children's Services Fund, the Workforce Development Fund and the Help Me Grow Fund. In terms of dollars received and spent, the Public Assistance Fund is significantly larger than all the other funds of the Board. The Public Assistance Fund had $15,017,200 in revenues and $15,864,219 in expenditures in fiscal year 2018.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand South Central Ohio Job and Family Services as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the Board as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to private-sector business. The Statement of Net Position and Statement of Activities provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. These statements include all assets, liabilities, and certain deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the Board's assets, liabilities, and certain deferred inflows and outflows of resources with the difference reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the Board as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Board's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded programs, and other factors. Ultimately, the Board's goal is to provide services to our citizens, not to generate profits as commercial entities do.

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

In both of the government-wide financial statements, the Board's activities are shown as governmental activities. All of the Board's programs and services are reported here including public assistance, workforce development, children's services, help me grow programs, and child support enforcement. These services are funded primarily by taxes, charges for services, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the Board's Most Significant Funds

Fund Financial Statements

The analysis of the Board's major funds begins on page 12. Fund financial statements provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the Public Assistance, Child Support, Children's Services, Workforce Development and Help Me Grow Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, 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 Board can be divided into one of two categories: governmental and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Board's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

The Board's fiduciary fund is a private purpose trust. The Board's fiduciary fund is reported in separate financial statements. We exclude these activities from the Board's other financial statements because the Board cannot use these assets to finance its operations. The Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the Board as a whole, showing assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the Board's net position at June 30, 2018 and provides a comparison to June 30, 2017.

Table 1

Net Position at Year End

	Governmental Activities		
	2018	Restated 2017	Change
Assets:			
Current and Other Assets	$5,146,015	$4,204,663	$941,352
Capital Assets, net	90,215	91,350	(1,135)
Total Assets	5,236,230	4,296,013	940,217
Deferred Outflows of Resources:			
Pension	1,426,101	3,751,870	(2,325,769)
OPEB	403,438	63,189	340,249
Total Deferred Outflows of Resources	1,829,539	3,815,059	(1,985,520)
Liabilities:			
Other Liabilities	1,654,618	2,183,593	(528,975)
Long-Term Liabilities:			
Due Within One Year	580,469	560,729	19,740
Due in More Than One Year:			
Net Pension	7,563,218	10,834,925	(3,271,707)
Net OPEB	5,021,323	4,670,397	350,926
Other Amounts	296,640	279,955	16,685
Total Liabilities	15,116,268	18,529,599	(3,413,331)
Deferred Inflows of Resources:			
Pension	1,970,347	480,111	1,490,236
OPEB	374,055	0	374,055
Total Deferred Outflows of Resources	2,344,402	480,111	1,864,291
Net Position:			
Investment in Capital Assets	90,215	91,350	(1,135)
Restricted	3,497,410	2,025,496	1,471,914
Unrestricted (Deficit)	(13,982,526)	(13,015,484)	(967,042)
Total Net Position	($10,394,901)	($10,898,638)	$503,737

The net pension liability (NPL) is the largest single liability reported by the Board at June 30, 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 Board 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 Board'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 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. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/OPEB liability*. GASB Statement Nos. 68 and 75 take an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension 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 Board 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 Board'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 and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Board is reporting a net OPEB liability 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 ($6,291,430) to ($10,898,638).

Current and other assets increased $941,352 or 22.39 percent from fiscal year 2017 due to increases in cash and cash equivalents and property taxes receivable.

Capital assets decreased by $1,135 or 1.24 percent during fiscal year 2018 due to the disposal of equipment and current year depreciation, offset by the purchase of equipment and vehicles.

Current (other) liabilities decreased by $528,975 or 24.22 percent due primarily to decreases in intergovernmental payable and unearned revenue.

Long-term liabilities decreased by $2,884,356 or 17.65 percent due primarily to a decrease in net pension liability due to actuarial measurements done by the retirement systems. Additional information can be found in Note 9.

Deferred outflows of resources decreased $1,985,520 and deferred inflows of resources increased $1,864,291 due to changes in net position and net OPEB actuarial measurements done by the retirement systems. Additional information can be found in Notes 9 and 10.

Net position of $90,215 is related to investment in capital assets. The Board used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The net position of $3,497,410 is restricted. Restricted net position is subject to external restrictions on how it may be used.

The remaining deficit of $13,982,526 is unrestricted net position. Unrestricted net position represents resources that may be used to meet the Board's ongoing obligations to its creditors.

Table 2 shows the changes in net position for fiscal year 2018 and provides a comparison to fiscal year 2017.

Table 2

Changes in Net Position

	Governmental Activities		
	2018	Restated 2017	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$769,312	$714,934	$54,378
Operating Grants and Contributions	22,620,691	21,062,882	1,557,809
General Revenues:			
Property Taxes	1,194,189	819,936	374,253
Grants & Entitlements Not Restricted	141,962	159,104	(17,142)
Refunds	85,575	73,474	12,101
Miscellaneous	70,877	159,378	(88,501)
Total Revenues	24,882,606	22,989,708	1,892,898
Expenses:			
Program Expenses:			
Public Assistance	16,710,705	16,809,524	(98,819)
Child Support	2,311,779	2,373,755	(61,976)
Children's Services	4,616,420	4,124,415	492,005
Workforce Development	647,000	630,786	16,214
Help Me Grow	92,965	154,045	(61,080)
Total Expenses	24,378,869	24,092,525	286,344
Change in Net Position	503,737	(1,102,817)	1,606,554
Net Position - Beginning of Year, Restated	(10,898,638)	N/A	N/A
Net Position - End of Year	($10,394,901)	($10,898,638)	$503,737

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $63,189 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB Statement No. 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 Statement No. 75, the 2018 statements report OPEB expense of $418,652. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB Statement No. 75	$	24,378,869
OPEB expense under GASB Statement No. 75		(418,652)
2018 contractually required contribution		33,920
Adjusted 2018 program expenses		23,994,137
Total 2017 program expenses under GASB Statement No. 45		24,092,525
Decrease in program expenses not related to OPEB	$	(98,388)

The most significant program expenses for the Board are Public Assistance, Children's Services, and Child Support. These programs account for 96.96 percent of the total governmental activities. Public Assistance, which accounts for 68.55 percent of the total, represents costs associated with providing public assistance to eligible recipients in the programs of Cash Assistance, Food Assistance, Medicaid, and Non-Emergency Medicaid Transportation. Children's Services, which represents 18.94 percent of the total, represents costs associated with providing foster care and other services for neglected, battered and abused children. Child Support, which represents 9.48 percent of the total, represents costs associated with providing reimbursements of expenditures for child support enforcement operations.

The Board had program revenue of $23,390,003, and general revenue of $1,492,603. Program revenues increased $1,612,187 or 7.40 percent, due to increased operating grants. General revenues increased $280,711 or 23.16 percent, which is primarily due to a new property tax levy in Vinton County which resulted in increased property tax revenue.

The total expenses for governmental activities were $24,378,869, which is an increase of $286,344 or 1.19 percent from 2017, which is primarily due to an increase in children's services expenses which increased due to increased property tax revenue.

Governmental Activities

The Board is heavily dependent on intergovernmental revenue and, like most Ohio governments, is hampered by a lack of revenue growth. Property taxes made up 4.80 percent and intergovernmental revenue made up 91.48 percent of the total revenue for the governmental activities in fiscal year 2018.

Public Assistance accounts for 68.55 percent of governmental activities program expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2018 and provides a comparison to fiscal year 2017. That is, it identifies the cost of these services supported by tax revenue, miscellaneous revenue, and other general revenues.

Table 3

Net Cost of Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program Expenses:				
Public Assistance	$16,710,705	$1,779,080	$16,809,524	$3,055,601
Child Support	2,311,779	(748,693)	2,373,755	(200,809)
Children's Services	4,616,420	314,377	4,124,415	(136,794)
Workforce Development	647,000	(357,485)	630,786	(406,976)
Help Me Grow	92,965	1,587	154,045	3,687
Total Expenses	$24,378,869	$988,866	$24,092,525	$2,314,709

It should be noted that 95.94 percent of the costs of services for governmental activities are derived from program revenues including charges for services and operating grants and other contributions. The $1,779,080 in net cost of services for Public Assistance demonstrates the costs of services that are not supported from the state and federal grant resources. For 2018, the net cost of providing these services for Public Assistance was only 10.65 percent of the total cost. The $314,377 of net costs in Children's Services is offset by property taxes that have been levied by Ross County and Vinton County for these services.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $26,828,160 and expenditures and other financing uses of $24,990,234.

The fund balances of the total governmental funds increased by $1,837,926 or 153.98 percent. The increase in fund balance for the year was most significant in the Public Assistance Fund, which increased $730,936 or 122.27 percent, which was primarily the result of increased grant funding.

Budget Highlights

The Board's budget is reflected in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During fiscal year 2018, the Board amended its budget to reflect changing circumstances. The budgeted receipts and disbursements are prepared on a program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

For the Public Assistance Fund, the final budget basis revenue was $14,970,071, representing no change from the original budget revenues. The final budget basis expenditures were $16,863,093 representing an increase of $12,127 from the original budget basis expenditures of $16,850,966. The final budget reflected a 0.07 percent increase from the original budgeted amount. There was a 3.64 percent positive variance in actual expenditures as compared to the final budget.

For the Child Support Fund, the final budget basis revenue was $2,143,877, representing no change from the original budget revenues. The final budget basis expenditures were $1,855,626 representing no change from the original budget basis expenditures. There was a 14.34 percent positive variance in actual expenditures as compared to the final budget.

For the Children's Services Fund, the final budget basis revenue was $5,433,894, representing an increase of $190,793 from the original budget revenues of $5,243,101. The final budget reflected a 3.64 percent increase from the original budgeted amount. The final budget basis expenditures were $4,534,750 representing an increase of $191,649 from the original budget basis expenditures of $4,343,101. The final budget reflected a 4.41 percent increase from the original budgeted amount. There was a 2.70 percent positive variance in actual expenditures as compared to the final budget.

For the Workforce Development Fund, the final budget basis revenue was $1,216,000, representing no change from the original budget revenues. The final budget basis expenditures were $806,000 representing no change from the original budget basis expenditures. There was a 16.74 percent positive variance in actual expenditures as compared to the final budget.

For the Help Me Grow Fund, the final budget basis revenue was $84,255, representing no change from the original budget revenues. The final budget basis expenditures were $84,255 representing no change from the original budget basis expenditures. There was a 32.32 percent negative variance in actual expenditures as compared to the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the Board had $484,282 invested in furniture, fixtures, and equipment, and vehicles. That total carries an accumulated depreciation of $394,067. Table 4 shows June 30, 2018 balances and provides a comparison to June 30, 2017.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2018	2017
Depreciable Capital Assets:		
Furniture, Fixtures and Equipment	$307,927	$414,959
Vehicles	176,355	165,555
Total Capital Assets	484,282	580,514
Less Accumulated Depreciation:		
Furniture, Fixtures and Equipment	(266,908)	375,892
Vehicles	(127,159)	113,272
Total Accumulated Depreciation	(394,067)	489,164
Capital Assets, Net	$90,215	$91,350

More detailed information pertaining to the Board's capital asset activity can be found in Note 7 of the notes to the basic financial statements.

Debt Administration

At June 30, 2018, the Board had no general obligation debt outstanding.

Current Issues

The Vinton County Commissioners placed a 1.5 mill human services levy combined for senior and child welfare activities on the ballot in November 2017 and it passed. Collections began in January 2018 and 75% of the collected amount will go to children services. The Ross County Children Services levy expired in 2017 and the Ross County Commissioners placed it on the ballot in November 2017 and the levy passed. There was no break in collections of this revenue. The Hocking County Commissioners placed a 1.0 mill children services levy on the ballot in November 2018 and it passed. Collections are to begin in January 2019.

Beginning in fiscal year 2020, funding for non-emergency transportation (NET) will not be funded through the Ohio Department of Job and Family Services system. This assistance program will be transitioning to the Ohio Department of Medicaid, therefore this program will no longer be appearing on the SCOJFS financial statements.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact Paula Ogan, Fiscal Supervisor at South Central Ohio Job and Family Services, 475 Western Avenue, Suite B, P.O. Box 469, Chillicothe, Ohio.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$3,461,964
Materials and Supplies Inventory	45,986
Accounts Receivable	18
Intergovernmental Receivable	1,117,519
Property Taxes Receivable	493,826
Prepaid Items	26,702
Depreciable Capital Assets, Net	90,215
Total Assets	5,236,230
Deferred Outflows of Resources:	
Pension	1,426,101
OPEB	403,438
Total Deferred Outflows of Resources	1,829,539
Liabilities:	
Accounts Payable	205,165
Accrued Wages and Benefits	131,733
Contracts Payable	772,624
Intergovernmental Payable	287,531
Unearned Revenue	257,565
Long-Term Liabilities:	
Due within One Year	580,469
Due in More Than One Year:	
Net Pension Liability	7,563,218
Net OPEB Liability	5,021,323
Other Amounts Due in More Than One Year	296,640
Total Liabilities	15,116,268
Deferred Inflows of Resources:	
Pension	1,970,347
OPEB	374,055
Total Deferred Inflows of Resources	2,344,402
Net Position:	
Investment in Capital Assets	90,215
Restricted for:	
Other Purposes	3,497,410
Unrestricted (Deficit)	(13,982,526)
Total Net Position	($10,394,901)

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Public Assistance	$16,710,705	$341,966	$14,589,659	($1,779,080)
Child Support	2,311,779	422,184	2,638,288	748,693
Children's Services	4,616,420	5,162	4,296,881	(314,377)
Workforce Development	647,000	0	1,004,485	357,485
Help Me Grow	92,965	0	91,378	(1,587)
Total Governmental Activities	$24,378,869	$769,312	$22,620,691	(988,866)
	General Revenue:			
	Property Taxes Levied for Children's Services			1,194,189
	Unrestricted Grant and Entitlements			141,962
	Refunds			85,575
	Miscellaneous			70,877
	Total General Revenue			1,492,603
	Change in Net Position			503,737
	Net Position Beginning of Year, Restated			(10,898,638)
	Net Position End of Year			($10,394,901)

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Balance Sheet
Governmental Funds
June 30, 2018

	Public Assistance	Child Support	Children's Services	Workforce Development	Help Me Grow	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	$1,035,271	$1,546,863	$671,274	$206,903	$1,653	$3,461,964
Materials and Supplies Inventory	45,986	0	0	0	0	45,986
Accounts Receivable	18	0	0	0	0	18
Interfund Receivable	396,690	0	5,865	0	0	402,555
Intergovernmental Receivable	349,828	115,166	637,993	3,000	11,532	1,117,519
Property Taxes Receivables	0	0	493,826	0	0	493,826
Prepaid Items	26,702	0	0	0	0	26,702
Total Assets	$1,854,495	$1,662,029	$1,808,958	$209,903	$13,185	$5,548,570
Liabilities:						
Accounts Payable	$114,133	$9,607	$53,416	$28,009	$0	$205,165
Accrued Wages and Benefits	114,985	16,748	0	0	0	131,733
Contracts Payable	85,119	19,221	668,284	0	0	772,624
Interfund Payable	5,865	123,732	178,171	94,787	0	402,555
Intergovernmental Payable	164,355	50,375	23,322	30,281	19,198	287,531
Unearned Revenue	41,312	0	211,919	4,334	0	257,565
Total Liabilities	525,769	219,683	1,135,112	157,411	19,198	2,057,173
Deferred Inflows of Resources:						
Unavailable Revenue	0	0	265,119	0	0	265,119
Property Taxes not Levied to Finance Current Year Operations	0	0	194,700	0	0	194,700
Total Deferred Inflows of Resources	0	0	459,819	0	0	459,819
Fund Balances:						
Nonspendable	72,755	0	0	0	0	72,755
Restricted for:						
Pubic Assistance	1,255,971	0	0	0	0	1,255,971
Child Support	0	1,442,346	0	0	0	1,442,346
Children's Services	0	0	214,027	0	0	214,027
Workforce Development	0	0	0	52,492	0	52,492
Unassigned (Deficit)	0	0	0	0	(6,013)	(6,013)
Total Fund Balances	1,328,726	1,442,346	214,027	52,492	(6,013)	3,031,578
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$1,854,495	$1,662,029	$1,808,958	$209,903	$13,185	$5,548,570

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2018

Total Governmental Funds Balances		$3,031,578
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.		90,215
Some of the Board's receivables will be collected after fiscal year-end, but not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	194,700	
Intergovernmental	265,119	
Total receivables that are deferred in the funds		459,819
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated absences		(877,109)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outlows - Pension	1,426,101	
Deferred Outlows - OPEB	403,438	
Deferred Inflows - Pension	(1,970,347)	
Deferred Inflows - OPEB	(374,055)	
Net Pension Liability	(7,563,218)	
Net OPEB Liability	(5,021,323)	
Total		(13,099,404)
Net Position of Governmental Activities		($10,394,901)

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Public Assistance	Child Support	Children's Services	Workforce Development	Help Me Grow	Total Governmental Funds
Revenues:						
Property Taxes	$0	$0	$999,489	$0	$0	$999,489
Intergovernmental	14,589,659	2,638,288	5,001,142	1,004,485	91,378	23,324,952
Charges for Services	341,966	422,184	5,162	0	0	769,312
Refunds	85,575	0	0	0	0	85,575
Miscellaneous	0	65,511	5,366	0	0	70,877
Total Revenues	15,017,200	3,125,983	6,011,159	1,004,485	91,378	25,250,205
Expenditures:						
Current:						
Public Assistance	15,864,219	0	0	0	0	15,864,219
Child Support	0	2,191,675	0	0	0	2,191,675
Children's Services	0	0	4,616,420	0	0	4,616,420
Workforce Development	0	0	0	647,000	0	647,000
Help Me Grow	0	0	0	0	92,965	92,965
Total Expenditures	15,864,219	2,191,675	4,616,420	647,000	92,965	23,412,279
Excess of Revenues Over (Under) Expenditures	(847,019)	934,308	1,394,739	357,485	(1,587)	1,837,926
Other Financing Sources (Uses):						
Transfers In	1,577,955	0	0	0	0	1,577,955
Transfers Out	0	(419,034)	(900,570)	(258,351)	0	(1,577,955)
Total Other Financing Sources (Uses)	1,577,955	(419,034)	(900,570)	(258,351)	0	0
Net Change in Fund Balance	730,936	515,274	494,169	99,134	(1,587)	1,837,926
Fund Balance (Deficit) at Beginning of Year	597,790	927,072	(280,142)	(46,642)	(4,426)	1,193,652
Fund Balance (Deficit) at End of Year	$1,328,726	$1,442,346	$214,027	$52,492	($6,013)	$3,031,578

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$1,837,926
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.		9,556
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(10,691)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes	194,700	
Intergovernmental	(562,299)	
Total revenues not reported in the funds		(367,599)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences		(36,425)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		474,877
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.		(1,403,907)
Change in Net Position of Governmental Activities		$503,737

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2018

	Private Purpose Trust
Assets:	
Equity in Pooled Cash and Cash Equivalents	$37,868
Investments	273,642
Total Assets	$311,510
Liabilities:	
Total Liabilities	$0
Net Position:	
Held in Trust for Other Individuals and Organizations	311,510
Total Net Position	$311,510

See accompanying notes to the basic financial statements.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions:	
Interest	$1,874
Total Additions	1,874
Deductions:	
Payments in Accordance with Trust Agreements	138
Change in Net Position	1,736
Net Position at Beginning of Year	309,774
Net Position at End of Year	$311,510

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF ENTITY

South Central Ohio Job and Family Services (the Board), was established as a Joint County Department of Job and Family Services by and for the Board of County Commissioners of three counties. The member counties are Hocking, Ross and Vinton. Three Commissioners from each member county for a total of nine commissioners serve on the Board. The Board commenced operations on January 1, 2013. The purpose of the Board is exercising all powers granted to the Joint County Department of Job and Family Services pursuant to Chapter 329 of the Ohio Revised Code with the purpose of coordinating their powers and duties as provided by the Ohio Revised Code for county administration and operation, is to better serve and for the benefit of those persons who are seeking services from a county department of job and family services, including but not limited to, income maintenance programs (food stamps, Medicaid, cash assistance), child welfare, child support enforcement, and workforce development who reside within the member counties.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Board consists of all funds, departments, Boards, and agencies that are not legally separate from the Board. For South Central Ohio Job and Family Services this is the general operations.

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

The Board has one organization for which it serves as administrative agent. The Ross County Family and Children First Council is a legally separate entity for which the Board serves as the administrative agent. The Board provides administrative and operational services to assist this organization in accomplishing its intended purposes. Ross County serves as the fiscal agent for the Ross County Family and Children First Council. Accordingly this organization is presented as an agency fund within the Ross County financial statements.

Management believes that the financial statements included in this report represent all of the financial activity of the Board over which the Board has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board 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 Board’s accounting policies are described below.

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

A. Basis of Presentation

The Board'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 Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the Board at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, 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 Board.

Fund Financial Statements - During the year, the Board segregates transactions related to certain Board 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 Board at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Board 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 two categories of funds: governmental and fiduciary.

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

> **Public Assistance Fund –** This fund accounts for various Federal and State grants that are used to provide public assistance to eligible recipients in the programs of Cash Assistance, Food Assistance, Medicaid, and Non-Emergency Medicaid Transportation.

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

Child Support Fund – This fund accounts for poundage fees that are restricted for use by state statute and Title IV-D grants that reimburse expenditures for child support enforcement operations.

Children's Services Fund – This fund accounts for a county-wide tax levy in Ross and Vinton Counties and various state and federal monies to be used for providing foster care and other services for neglected, battered and abused children.

Workforce Development Fund – This fund accounts for a grant received from the U.S. Department of Labor to strengthen the local workforce by providing training services to employed adults, youth and dislocated workers.

Help Me Grow Fund - This fund accounts for administrative costs for the program administration of contracts with the Ross County Board of Developmental Disabilities.

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 Board under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Board's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Board's fiduciary fund is a private-purpose trust fund. The Board's private-purpose trust fund is established to account for assets that were set up as trust for Children's Services.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and certain deferred inflows/outflows of resources associated with the operation of the Board are included on the statement of net position.

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

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include grants.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 Board, deferred outflows of resources include a deferral related to pension and other postemployment benefits reported in the government-wide Statement of Net Position. The deferred outflows of resources related to pension/OPEB are explained in Notes 9 and 10.

In addition to the liabilities, the Statement of Net Position and Balance Sheet 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 Board, deferred inflows of resources include deferral related to pension, other postemployment benefits and unavailable revenues. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables that will not be collected within the available period. For the Board, unavailable revenue includes grants. These amounts are deferred and recognized as inflows of resources in the period the amounts became available. Deferred inflows of resources related to pension and other postemployment benefits are reported on the government-wide Statement of Net Position (see Notes 9 and 10).

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

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. Cash, Cash Equivalents, and Investments

The Ross County Treasurer is the custodian of the Board's cash. The Board's assets are held in the Ross County's cash and investment pool and are valued at the County Treasurer's reported carrying amount.

During 2018, the Board's investments were limited to Federal Securities. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

F. Inventory

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Board 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 capitalized.

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

All capital assets are depreciated. 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
Leasehold Improvements	3-20 years
Furniture, Fixtures and Equipment	3-20 years
Vehicles	3-20 years
Capitalized Leases	3-20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

J. Compensated Absences

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

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

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

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

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded as "matured compensated absences payable" in the fund from which the employee will be paid. The Board reported no matured compensated absences payable as of June 30, 2018.

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

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements.

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

L. Pensions/Other Postemployment Benefits

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

M. Fund Balance Reserves

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

> ***Nonspendable*** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.
>
> ***Restricted*** – amounts that can be spent only for specific purposes because of either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
>
> ***Committed*** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

Assigned – amounts constrained by the Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is used to report negative fund balances in governmental funds.

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

N. Net Position

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

O. Interfund Transactions

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

P. Unearned Revenue

Unearned revenue arises when resources are received by the Board before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

Q. 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 PRINCIPLES AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the Board implemented GASB Statement No. 85, *Omnibus 2017*, 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).*

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 Board's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

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 June 30, 2017:

Net Position June 30, 2017	($6,291,430)
Adjustments:	
Net OPEB Liability	(4,670,397)
Deferred Outflow - Payments Subsequent to Measurement Date	63,189
Restated Net Position June 30, 2017	($10,898,638)

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

NOTE 4 – CASH AND INVESTMENTS

The Ross County Treasurer maintains a cash pool used by all of the County's funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At fiscal year-end, the carrying amount of the Board's deposits with the Ross County Treasurer was $3,499,832 and is reflected as Equity in Pooled Cash and Cash Equivalents on the financial statements. The Ross County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposit accounts.

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

Eligible securities pledged to the Board 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 % 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% of the deposits being secured or a rate set by the Treasurer of State.

The Board's financial institutions through the Ross County Treasurer's Office are enrolled in the OPCS.

NOTE 4 – CASH AND INVESTMENTS *(Continued)*

Investments – As of June 30, 2018, the Board had the following investments and maturities:

		Investment In Maturities in Years	
Investment Type	Fair Value	< 1 Year	2-3 Years
U.S. Government Securities	$273,642	$104,085	$169,557
Total Investments	$273,642	$104,085	$169,557

The Board has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Board's recurring fair value measurements as of June 30, 2018 and are all level 1 inputs.

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board limits its investments to those authorized by State statute. Moody's has assigned a rating of "Aaa-mf" to U.S. Government Securities.

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The Board's investments in U.S. Government Securities account for 100% of the Board's total investments.

NOTE 5 – LEVIES

The Ross County Commissioners serve as the taxing authority to levy a special levy outside the ten-mill limitation to provide the Board with sufficient funds to carry out Children Services programs. The Board's portion of the levy was $859,104 for fiscal year 2018, with the remaining portion of the levy being paid to the Ross County Juvenile Court by the taxing authority. This amount is reflected as property tax revenue on the accompanying basic financial statements.

The Vinton County Commissioners serve as the taxing authority to levy a special levy outside the ten-mill limitation to provide the Board with sufficient funds to carry out Children Services programs. Collections began in January 2018 of a 1.5 mill human services levy combined for senior and child welfare activities and 75% of the collected amount will go to children services. The Board's portion of the levy was $335,085 for fiscal year 2018, with the remaining portion of the levy being paid to the Vinton County Senior Citizens by the taxing authority. This amount is reflected as property tax revenue on the accompanying basic financial statements.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, property taxes, and accounts. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities:	
Public Assistance	$349,828
Child Support	115,166
Children's Services	637,993
Workforce Development	3,000
Help Me Grow	11,532
Total	$1,117,519

NOTE 7- CAPITAL ASSETS

A summary of changes in general capital assets during 2018 were as follows:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Depreciable Capital Assets:				
Furniture, Fixtures and Equipment	$414,959	$19,171	($126,203)	$307,927
Vehicles	165,555	10,800	0	176,355
Total Capital Assets	580,514	29,971	(126,203)	484,282
Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(375,892)	(6,528)	115,512	(266,908)
Vehicles	(113,272)	(13,887)	0	(127,159)
Total Accumulated Depreciation	(489,164)	(20,415)	115,512	(394,067)
Total Net Capital Assets	$91,350	$9,556	($10,691)	$90,215

NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2018, the Board contracted with County Risk Sharing Authority (CORSA), for liability, property, and crime insurance. The CORSA program has a $2,500 deductible.

General liability insurance is maintained in the amount of $1,000,000 for each occurrence with no annual aggregate. Other liability insurance includes $1,000,000 for automobile liability, $1,000,000 for public officials' errors and omissions liability and $10,000,000 excess liability.

NOTE 8 - RISK MANAGEMENT*(Continued)*

In addition, the Board maintains replacement cost insurance on equipment in the amount of $10,445,104. Other property insurance includes $1,000,000 for crime. Comprehensive equipment coverage is carried on the boiler, machinery, and data processing equipment in the amount of $100,000,000.

Settled claims have not exceeded this coverage in the past three years. Coverage was reviewed during 2018 and adjusted as deemed appropriate.

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS

Net Pension Liability

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

The net pension liability represents the Board's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the 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 Board's obligation for this liability to annually required payments. The Board cannot control benefit terms or the manner in which pensions are financed; however, the Board does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from 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 plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the pension plan's Board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Ohio Public Employees Retirement System (OPERS)

Plan Description – All Board employees participate in the Ohio Public Employee 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):

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.

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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	
Statutory Maximum Contribution Rates	2018	2017
Employer	14.0%	14.0%
Employee	10.0%	10.0%
Actual Contribution Rates		
Employer:		
Pension	14.0%	13.0%
Post-employment Health Care Benefits	0.0%	1.0%
Total Employer	14.0%	14.0%
Employee	10.0%	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was $881,914 for fiscal year 2018.

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

The net pension liability was measured as of 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 Board's proportion of the net pension liability was based on the Board'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:

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

	OPERS - Traditional Plan	OPERS - Combined Plan	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.047805%	0.037333%	
Current Measurement Date	0.048407%	0.022700%	
Change in Proportionate Share	0.000602%	-0.014633%	
Proportionate Share of the Net Penison Liability	$7,594,120	($30,902)	$7,563,218
Pension Expense	$983,779	$1,476	$985,255

At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Total
Deferred Outflows			
Differences between Expected and Actual Experience	$7,755	$0	$7,755
Changes in Assumptions	907,544	2,700	910,244
Changes in Proportion and Differences between Board Contributions and Proportionate Share of Contributions	58,920	8,225	67,145
Board Contributions Subsequent to the Measurement Date	434,783	6,174	440,957
Total Deferred Outflows of Resources	$1,409,002	$17,099	$1,426,101
Deferred Inflows			
Differences between Expected and Actual Experience	$149,655	$9,207	$158,862
Net Difference between Projected and Actual Investment Earnings	1,630,358	4,874	1,635,232
Changes in Proportion and Differences between Board Contributions and Proportionate Share of Contributions	173,131	3,122	176,253
Total Deferred Inflows of Resources	$1,953,144	$17,203	$1,970,347

$440,957 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	OPERS - Combined	Total
Fiscal Year Ending June 30:			
2019	$549,823	($931)	$548,892
2020	(144,171)	(1,064)	(145,235)
2021	(714,641)	(2,159)	(716,800)
2022	(669,936)	(2,043)	(671,979)
2023	0	(331)	(331)
Thereafter	0	250	250
Total	($978,925)	($6,278)	($985,203)

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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 (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan	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.

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The 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 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Board's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Board's proportionate share of the net pension liability-Traditional	$13,485,222	$7,594,120	$2,682,716
Board's proportionate share of the net pension liability-Combined	($16,798)	($30,902)	($40,633)

NOTE 10 - DEFINED OPEB RETIREMENT PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for other post-employment benefits (OPEB). OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents Board's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan's fiduciary net position. The net OPEB 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year would be included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The Board had no such liability at fiscal year-end.

NOTE 10 - DEFINED OPEB RETIREMENT PLANS – (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description **-** OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features.

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. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2018, Board contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care.

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to healthcare was 1.0 percent for calendar year 2017. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2018 decrease to 0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Board's contractually required contribution of $67,840 for 2018 was used to fund health care.

NOTE 10 - DEFINED OPEB RETIREMENT PLANS – (Continued)

OPEB Liability, 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 Board's proportion of the net OPEB liability was based on the Board's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS - Health Care Plan
Proportion of the Net OPEB Liability	
Prior Measurement Date	0.046240%
Current Measurement Date	0.046240%
Change in Proportionate Share	0.000000%
Proportionate Share of the Net OPEB Liability	$5,021,323
Pension Expense	$418,652

At June 30, 2018, Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS - Health Care Plan
Deferred Outflows	
Differences between Expected and Actual Experience	$3,912
Changes in Assumptions	365,606
Board Contributions Subsequent to the Measurement Date	33,920
Total Deferred Outflows of Resources	$403,438
Deferred Inflows	
Net Difference between Projected and Actual Investment Earnings	$374,055
Total Deferred Inflows of Resources	$374,055

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

	OPERS - Health Care Plan
Fiscal Year Ending June 30:	
2019	$83,153
2020	83,153
2021	(77,330)
2022	(93,513)
Total	($4,537)

NOTE 10 - DEFINED OPEB RETIREMENT PLANS – (Continued)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System 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 periods included in the measurement:

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 allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

NOTE 10 - DEFINED OPEB RETIREMENT PLANS – (Continued)

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	6.00	5.91
International Equities	22.00	7.88
Other Investments	17.00	5.39
Total	100.00 %	4.98 %

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% for 2017.

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.

NOTE 10 - DEFINED OPEB RETIREMENT PLANS – (Continued)

Sensitivity of Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents Board's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 3.85 percent, as well as what Board'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%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Board's proportionate share of the Net OPEB Liability	$6,671,045	$5,021,323	$3,686,715

Sensitivity of Board'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% 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.

	1% Decrease (6.50%)	Current Trend Rate (7.50%)	1% Increase (6.50%)
Board's proportionate share of the Net OPEB Liability	$4,804,336	$5,021,323	$5,245,466

NOTE 11 - LONG-TERM OBLIGATIONS

The Board's long-term obligations activity for the year ended June 30, 2018, was as follows:

	Principal Outstanding at June 30, 2017*	Additions	Deductions	Principal Outstanding at June 30, 2018	Amount Due In One Year
Governmental Activities:					
Net Pension Liability:					
OPERS	$10,834,925	$0	$3,271,707	$7,563,218	$0
Net OPEB Liability:					
OPERS	4,670,397	350,926	0	5,021,323	0
Compensated Absences Payable	840,684	403,206	366,781	877,109	580,469
Total Governmental Activities Long-Term Liabilities	$16,346,006	$754,132	$3,638,488	$13,461,650	$580,469

*Restated

Obligations related to employee compensation will be paid from the fund from which the employee is paid.

NOTE 12 – OPERATING LEASES

The South Central Ohio Job and Family Services has entered into agreements for seven operating leases for office space and operating leases for four storage units. The Board's fiscal year 2018 total annual operating lease payments for these agreements was $658,232. These leases include an updated lease with Ross County for the office space on Western Avenue, Chillicothe, Ohio which was effective January 2018.

NOTE 13 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2018, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
Public Assistance	$396,690	$5,865
Child Support	0	123,732
Children's Services	5,865	178,171
Workforce Development	0	94,787
Totals	$402,555	$402,555

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

NOTE 13 - INTERFUND TRANSACTIONS – (Continued)

A summary of interfund transfers for 2018 were as follows:

	Transfers In	Transfers Out
Public Assistance	$1,577,955	$0
Child Support	0	419,034
Children's Services	0	900,570
Workforce Development	0	258,351
Totals	$1,577,955	$1,577,955

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

NOTE 14 – FUND CASH BALANCES

As of June 30, 2018 fund balances are composed of the following:

	Public Assistance	Child Support	Children's Services	Workforce Development	Help Me Grow	Total Governmental Funds
Nonspendable:						
Prepaid Items	$26,769	$0	$0	$0	$0	$26,769
Materials and Supplies	45,986	0	0	0	0	45,986
Total Nonspendable	72,755	0	0	0	0	72,755
Restricted:						
Public Assistance	1,255,971	0	0	0	0	1,255,971
Child Support	0	1,442,346	0	0	0	1,442,346
Children Services	0	0	214,027	0	0	214,027
Workforce Developme	0	0	0	52,492	0	52,492
Total Restricted	1,255,971	1,442,346	214,027	52,492	0	2,964,836
Unassigned (Deficit)	0	0	0	0	(6,013)	(6,013)
Total Fund Balances	$1,328,726	$1,442,346	$214,027	$52,492	($6,013)	$3,031,578

NOTE 15 – CONTINGENT LIABLITIES

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed cost may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation, results may be reported at a later date.

Litigation

The Board is not currently party to legal proceedings.

NOTE 16 – SUBSEQUENT EVENTS

The Hocking County Commissioners placed a 1.0 mill 5 year levy on the ballot in November 2018, which was passed by the voters. Collection of this property tax levy is due to begin in January 2019.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of the Board's Proportionate Share of Net Pension Liablity

Last Five Fiscal Years

	2018	2017	2016	2015	2014
Ohio Public Employees Retirement System					
Board's Proportion of the Net Pension Liability (Asset) - Traditional	0.0484070%	0.0478050%	0.0515750%	0.0537870%	0.0537870%
Board's Proportion of the Net Pension Liability (Asset) - Combined	0.0227000%	0.0373330%	0.0289100%	0.0382740%	0.0382740%
Board's Proportionate Share of the Net Pension Liability (Asset) - Traditional	$7,594,120	$10,855,703	$8,933,440	$6,487,313	$6,340,787
Board's Proportionate Share of the Net Pension Liability (Asset) - Combined	($30,902)	($20,778)	($14,068)	($14,736)	($4,017)
Board's Covered-Employee Payroll	$6,447,908	$6,594,450	$6,672,375	$5,311,438	$2,055,570
Board's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	117.30%	164.30%	133.68%	121.86%	308.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional	84.66%	77.25%	81.08%	86.45%	86.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Combined	137.28%	116.55%	116.90%	114.83%	114.83%

Information prior to 2014 is not available.

Amounts presented as of the Board's measurement date which is December 31.

See accompanying notes to the required supplementary information.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of the Board's Proportionate Share of Net OPEB Liablity

Last Two Fiscal Years (1)

	2018	2017
Ohio Public Employees Retirement System		
Board's Proportion of the Net OPEB Liability (Asset)	0.0462400%	0.0462400%
Board's Proportionate Share of the Net OPEB Liability (Asset)	$5,021,323	$4,670,397
Board's Covered-Employee Payroll	$6,447,908	$6,594,450
Board's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of it's Covered-Employee Payroll	77.88%	70.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

(1) Information prior to 2017 is not available.

Amounts presented as of the Board's measurement date which is December 31.

See accompanying notes to the required supplementary information.

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of the Board Contributions
Ohio Public Employees Retirement System
Last Six Fiscal Years (1)

	2018	2017	2016	2015	2014	2013
Pension						
Contractually Required Contributions	$881,914	$773,749	$791,334	$800,685	$690,487	$205,557
Contributions in Relation to the Contractually Required Contributions	($881,914)	($773,749)	($791,334)	($800,685)	(690,487)	(205,557)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Board Covered-Employee Payroll	$6,783,954	$6,447,908	$6,594,450	$6,672,375	$5,311,438	$2,055,570
Contributions as a Percentage of Covered-Employee Payroll	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
OPEB						
Contractually Required Contributions	$67,840	$128,958	$131,889	$133,447	$53,114	$82,223
Contributions in Relation to the Contractually Required Contributions	($67,840)	($128,958)	($131,889)	($133,447)	(53,114)	(82,223)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Board Covered-Employee Payroll	$6,783,950	$6,447,908	$6,594,450	$6,672,375	$5,311,438	$2,055,570
Contributions as a Percentage of Covered-Employee Payroll	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%

(1) The Board's first year of operation was 2013.

See accompanying notes to the required supplementary information.

NOTE 1 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Pension

Changes in benefit terms

COLAs provided up to December 31, 2018 will be based upon a simple, 3% COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3%.

Changes in assumptions

Changes in assumptions for 2018 are as follows.

Employer Contribution Rate	
Allocated to Pensions	
Current measurement date	14.00 percent
Prior measurement date	13.00 percent

Other Postemployment Benefits

Changes in benefit terms

There were no changes in benefit terms for 2018.

Changes in assumptions

Changes in assumptions for 2018 are as follows.

Single Discount Rate:	
Current measurement date	3.85 percent
Prior measurement date	4.23 percent
Employer Contribution Rate	
Allocated to Health Care	
Current measurement date	0.00 percent
Prior measurement date	1.00 percent

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
State Grants	$14,313,156	$14,313,156	$13,901,123	($412,033)
Support and Assistance	304,853	304,853	296,251	(8,602)
Overpayments - Refunds	57,045	57,045	64,254	7,209
Local County Monies	295,017	295,017	268,520	(26,497)
Total Revenues	14,970,071	14,970,071	14,530,148	(439,923)
Expenditures:				
Salaries	6,234,446	6,234,446	5,876,966	357,480
Fringe Benefits	3,156,516	3,156,516	2,930,978	225,538
Supplies	120,000	120,318	96,494	23,824
Travel and Training	145,000	145,135	116,490	28,645
Contracts - Repair/Maint.	30,000	30,000	25,341	4,659
Contract Services	5,620,000	5,586,810	5,869,187	(282,377)
Indirect Costs	190,000	223,189	191,867	31,322
Equipment	100,000	110,517	109,412	1,105
Facilities	1,148,004	1,148,004	956,915	191,089
Public Assistance Payments	25,000	25,000	18,700	6,300
Medical Assistance	2,000	2,000	0	2,000
Other Expenses	80,000	81,158	57,723	23,435
Total Expenditures	16,850,966	16,863,093	16,250,073	613,020
Excess of Revenues Under Expenditures	(1,880,895)	(1,893,022)	(1,719,925)	173,097
Other Financing Sources:				
Transfers In	1,880,895	1,880,895	1,652,361	(228,534)
Total Other Financing Sources	1,880,895	1,880,895	1,652,361	(228,534)
Net Change in Fund Balance	0	(12,127)	(67,564)	(55,437)
Fund Balance at Beginning of Year	1,102,835	1,102,835	1,102,835	0
Fund Balance at End of Year	$1,102,835	$1,090,708	$1,035,271	($55,437)

See accompanying notes to the basic financial statements

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Child Support Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
State Grants	$1,750,439	$1,750,439	$2,029,862	$279,423
Charges for Services	393,438	393,438	360,988	(32,450)
Miscellaneous	0	0	65,123	65,123
Total Revenues	2,143,877	2,143,877	2,455,973	312,096
Expenditures:				
Salaries	920,665	920,665	860,530	60,135
Fringe Benefits	418,301	418,301	400,670	17,631
Travel and Training	3,000	3,000	1,150	1,850
Contract Services	482,660	481,390	299,951	181,439
Indirect Costs	16,000	17,270	14,879	2,391
Other Expenses	15,000	15,000	12,272	2,728
Total Expenditures	1,855,626	1,855,626	1,589,452	266,174
Excess of Revenues Over Expenditures	288,251	288,251	866,521	578,270
Other Financing Uses:				
Transfers Out	(475,000)	(475,000)	(438,672)	36,328
Total Other Financing Uses	(475,000)	(475,000)	(438,672)	36,328
Net Changes in Fund Balance	(186,749)	(186,749)	427,849	614,598
Fund Balance at Beginning of Year	1,111,718	1,111,718	1,111,718	0
Fund Balance at End of Year	$924,969	$924,969	$1,539,567	$614,598

See accompanying notes to the basic financial statements

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Children's Services Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
State Child Protection Allocation	$957,669	$957,669	$1,045,126	$87,457
Title VI-B	89,382	89,382	24,833	(64,549)
Title VI-E Admin and Training	422,633	422,633	491,316	68,683
IV-E Reimbursement	1,386,576	1,386,576	1,660,853	274,277
SSI/Social Security Benefits	99,703	99,703	73,696	(26,007)
Other Grants	187,018	187,018	172,842	(14,176)
Parent Fees	11,269	11,269	5,162	(6,107)
Gifts	600	600	1,087	487
Remit from County	0	0	30,000	30,000
Ross Levy Funds	930,690	930,690	947,368	16,678
Reimbursement From PA	230,000	230,000	0	(230,000)
Vinton County Levy Funds	290,000	290,000	141,817	(148,183)
Local County Monies	420,000	420,000	708,141	288,141
Miscellaneous	217,561	408,354	487,227	78,873
Total Revenues	5,243,101	5,433,894	5,789,468	355,574
Expenditures:				
Contract Services	4,070,816	4,247,209	4,196,903	50,306
Chaffee	12,293	12,293	4,680	7,613
ESSA	103,042	103,042	55,619	47,423
Legal	65,000	65,000	69,847	(4,847)
Foster Parent Training	21,000	21,000	24,120	(3,120)
Alternative Response	9,840	9,840	624	9,216
Other Expenses	61,110	76,366	60,604	15,762
Total Expenditures	4,343,101	4,534,750	4,412,397	122,353
Excess of Revenues Over Expenditures	900,000	899,144	1,377,071	477,927
Other Financing Uses:				
Transfers Out	(900,000)	(900,000)	(941,088)	(41,088)
Total Other Financing Uses	(900,000)	(900,000)	(941,088)	(41,088)
Net Change in Fund Balance	0	(856)	435,983	436,839
Fund Balance at Beginning of Year	235,291	235,291	235,291	0
Fund Balance at End of Year	$235,291	$234,435	$671,274	$436,839

See accompanying notes to the basic financial statements

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Workforce Development Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
State Grants	$1,170,000	$1,170,000	$953,832	($216,168)
Miscellaneous	46,000	46,000	53,487	7,487
Total Revenues	1,216,000	1,216,000	1,007,319	(208,681)
Expenditures:				
Adult	168,500	168,500	265,414	(96,914)
Dislocated Workers	167,500	167,500	34,398	133,102
Special Projects	160,000	160,000	131,927	28,073
CC MEP	310,000	310,000	239,297	70,703
Total Expenditures	806,000	806,000	671,036	134,964
Excess of Revenues Over Expenditures	410,000	410,000	336,283	(73,717)
Other Financing Uses:				
Transfers Out	(410,000)	(410,000)	(272,600)	137,400
Total Other Financing Uses	(410,000)	(410,000)	(272,600)	137,400
Net Change in Fund Balance	0	0	63,683	63,683
Fund Balance at Beginning of Year	143,220	143,220	143,220	0
Fund Balance at End of Year	$143,220	$143,220	$206,903	$63,683

See accompanying notes to the basic financial statements

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Help Me Grow Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Help Me Grow	$84,255	$84,255	$93,899	$9,644
Total Revenues	84,255	84,255	93,899	9,644
Expenditures:				
Help Me Grow - State	38,464	38,464	34,353	4,111
Help Me Grow - Federal	45,791	45,791	77,135	(31,344)
Total Expenditures	84,255	84,255	111,488	(27,233)
Net Change in Fund Balance	0	0	(17,589)	(17,589)
Fund Balance at Beginning of Year	19,242	19,242	19,242	0
Fund Balance at End of Year	$19,242	$19,242	$1,653	($17,589)

See accompanying notes to the basic financial statements

NOTE 1 – <u>BUDGETARY SCHEDULE</u>

Ross County (the fiscal agent) requires the Board to budget all funds. The major document prepared is the budget based on the South Central Ohio Job and Family Service's (Board) grant allocations. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The Board's grant allocations establish a limit on the amounts the Board may budget. The budget is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the object level as its legal level of control. Individual grants are limited to their approved budget.

The amounts reported as the original budget in the budgetary schedules reflect the amounts in the Board's grant allocations when the Board adopted the original budget. The amounts reported as the final budget in the budgetary schedules reflect the amounts in the Board's grant allocations in effect at the time of the final budget.

The Board may amend the budget throughout the year with the restriction that the budget may not exceed the Board's grant allocations. The amounts reported as the final budget represent the final budget the Ross County Commissioners passed during the year.

Adjustments necessary to convert the results of operations at end of year on the modified accrual basis (GAAP) to the budget basis:

	Public Assistance	Child Support	Children's Services	Workforce Development	Help Me Grow
Net Change in Fund Balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance	$730,936	$515,274	$494,169	$99,134	($1,587)
Net revenue accruals	(487,052)	(670,010)	(221,691)	2,834	2,521
Net expenditure accruals	(385,854)	602,223	204,023	(24,036)	(18,523)
Net Other Financing Sources/(Uses):	74,406	(19,638)	(40,518)	(14,249)	0
Net Change in Fund Balance per the Budgetary Schedule	($67,564)	$427,849	$435,983	$63,683	($17,589)

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES
Federal Awards Expenditures Schedule
For the Fiscal Year Ended June 30, 2018

Federal Grantor Agency/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Amounts Passed Through to Sub-Recipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Job & Family Services				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1819-11-5829	10.561	$0	$ 1,015,634
Total SNAP Cluster			0	1,015,634
Total - U.S. Deparment of Agriculture			0	1,015,634
U.S. DEPARTMENT OF LABOR				
Passed Through Area 20/21 Workforce Development Board				
Employer Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207	0	1,811
Total Employer Service Cluster			0	1,811
Workforce Innovation and Opportunities Act Cluster:				
WIOA Adult Program	N/A	17.258	9,039	318,537
WIOA Youth Activities	N/A	17.259	239,297	250,936
WIOA Dislocated Worker Formula Grants	N/A	17.278	9,039	248,563
Total Workforce Innovation and Opportunities Act Cluster			257,375	818,036
Total - U.S. Department of Labor			257,375	819,847
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Developmental Disabilities				
Special Education - Grants for Infants and Families	N/A	84.181	54,686	57,654
Total - U.S. Department of Education			54,686	57,654
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Job & Family Services				
Promoting Safe and Stable Families	G-1819-11-5829	93.556	0	79,706
Child Support Enforcement	G-1819-11-5829	93.563	0	1,188,514
Title IV-B	G-1819-11-5829	93.645	0	24,833
Foster Care - Title IV-E	G-1819-11-5829	93.658	0	1,842,167
Adoption Assistance	G-1819-11-5829	93.659	0	281,783
Social Services Block Grant	G-1819-11-5829	93.667	0	1,607,139
Chafee Foster Care Independence Program	G-1819-11-5829	93.674	0	31,039
Children's Health Insurance Program	G-1819-11-5829	93.767	0	294,562
TANF Cluster:				
Temporary Assistance for Needy Families (TANF) State Programs	G-1819-11-5829	93.558	519,587	3,660,240
Total TANF Cluster			519,587	3,660,240
CCDF Cluster:				
Child Care and Development Block Grant	G-1819-11-5829	93.575	0	239,654
Total CCDF Cluster			0	239,654
Medicaid Cluster:				
Medical Assistance Program	G-1819-11-5829	93.778	0	3,236,764
Total Medicaid Cluster			0	3,236,764
Total - U.S Department of Health and Human Services			519,587	12,486,401
Total Federal Awards Expenditures			**$ 831,648**	**$ 14,379,536**

N/A - pass-through entity does not have a pass-through entity number.

See accompanying notes to the federal awards expenditures schedule.

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Expenditures Schedule (the Schedule) includes the federal award activity of the South Central Ohio Job and Family Services (the Board) under programs of the federal government for the fiscal year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements for 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 Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – SUBRECIPIENTS

The Board passes certain federal awards received from Ohio Department of Job & Family Services and Area 20/21 Workforce Development Board to other governments or not-for-profit agencies (subrecipients). As Note B describes the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board 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.

Program Title	CFDA #	Amounts Provided to Subrecipients
SubRecipient - Gallia-Jackson-Vinton JVSD		
Youth	17.259	$76,523
Total Youth	17.259	$76,523
Total Gallia-Jackson-Vinton JVSD		$76,523
SubRecipient - Hocking, Athens, Perry Community Action		
Youth	17.259	$40,882
Total Youth	17.259	$40,882
Temporary Assistance for Needy Families	93.558	$192,143
Total Temporary Assistance for Needy Families	93.558	$192,143
Total Hocking, Athens, Perry Community Action		$233,024
SubRecipient - Pickaway Ross JVS		
Youth	17.259	$121,892
Total Youth	17.259	$121,892
Total Pickaway Ross JVS		$121,892

NOTE C – SUBRECIPIENTS – (Continued)

SubRecipient - Vinton County Commissioners		
Adult	17.258	$9,039
Total Adult	17.258	$9,039
Dislocated Worker	17.278	$9,039
Total Dislocated Worker	17.278	$9,039
Total Vinton County Commissioners		$18,078
SubRecipient - Sojourners		
Temporary Assistance for Needy Families	93.558	$327,444
Total Temporary Assistance for Needy Families	93.558	$327,444
Total Sojourners		$327,444
SubRecipient - Ross County Board of Developmental Disabilities		
Help Me Grow	84.181	$54,686
Total Help Me Grow	84.181	$54,686
Total Ross County Board of Developmental Disabilities		$54,686

NOTE D – MATCHING REQUIREMENTS

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

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Ohio Job and Family Services, Ross County, Ohio (the Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated March 18, 2019, wherein we noted the Board adopted net accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and restated beginning net position as a result of this implementation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-001, that we consider to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board's Response to Finding

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 18, 2019

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Members of the Board
South Central Ohio Job and Family Services
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited the South Central Ohio Job and Family Services' (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2018. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance 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 express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Millhuff-Stang CPA/Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 18, 2019

Section I – Summary of Auditor's Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program(s):	SNAP Cluster, CFDA #10.561; TANF Cluster, CFDA #93.558; Medicaid Cluster, CFDA #93.778
Dollar threshold used to distinguish between type A and type B programs:	Type A: >$750,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2018-001 – Material Weakness – Financial Reporting

A monitoring system by the Board should be in place to prevent or detect misstatements for the fair presentation of the Board's financial statements. During testing, errors in property taxes, intergovernmental receivables, and payables were identified. Adjustments were made to the accompanying financial statements to correct those misstatements deemed material. In addition, we noted errors within the federal awards expenditures schedule. These errors were corrected within the accompanying federal awards expenditures schedule. The Board should implement additional monitoring procedures to ensure that financial transactions are properly recorded and that the financial statements and federal awards expenditures schedule are accurately presented.

Client Response:
See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The Board currently and always has practiced sound financial reporting. This adjustment was the result of applying GAAP reporting policies. The Board will discuss this issue with the compilers used to prepare the Board's GAAP financial statements to ensure that this correction is made to the GAAP compilation process, so that similar errors are made in preparation of future financial statements.	N/A	Paula Ogan, Fiscal Supervisor

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; *Explain*
2017-001	Material Weakness – Financial Reporting	No	Reissued as finding 2018-001

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OHIO AUDITOR OF STATE
KEITH FABER

SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES

ROSS 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
APRIL 23, 2019

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