



Dave Yost • Auditor of State

ADAMS COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Adverse
Governmental Fund- General	Unmodified
Governmental Fund- Ambulance and EMS	Unmodified
Governmental Fund-Children Service Levy	Unmodified
Governmental Fund- Board of Developmental Disabilities	Unmodified
Governmental Fund- Motor Vehicle and Gas Tax	Unmodified
Governmental Fund- Job and Family Services	Unmodified
Governmental Fund-Real Estate Assessment	Unmodified
Enterprise Fund- Adams County Hospital	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinions on the Business-Type Activities and Enterprise Funds-Adams County Hospital.

Management has not included the Adams County Hospital in the County's financial statements as Business-Type Activities or as an Enterprise Fund. Accounting principles generally accepted in the United States of America require that the Adams County Hospital Fund be presented as a major Enterprise Fund and financial information to be part of the Business-Type Activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, fund balances, liabilities, net position, revenues, and expenses of the business-type activities and the omitted major fund cannot reasonably be determined.

Adverse Opinions

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Business-Type Activities and Enterprise Funds-Adams County Hospital* paragraph, the financial statements referred to above do not present fairly, the cash financial position of the Adams County Hospital Enterprise Fund or Business Type- Activities of the Adams County, Ohio, as of December 31, 2017, or the changes in cash financial position or cash flows thereof for the year then ended in accordance with the accounting basis described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund except the Adams County Hospital fund, discretely presented component unit, and the aggregate remaining fund information of the Adams County, Ohio as of December 31, 2017, and the respective changes in its cash financial position and the respective budgetary comparisons for the General, Ambulance & EMS, Children Services Levy, Board of Developmental Disabilities, Motor Vehicle Gasoline Tax, Job & Family Services, and Real Estate Assessment funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

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

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

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

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 10, 2018

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Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2017, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 12.

Financial Highlights

Key financial highlights for 2017 are as follows:

Overall:

Total net position increased \$121,038 with governmental activities increasing by \$119,843 and business-type activities increasing by \$1,195.

Total cash receipts were \$29,787,462 in 2017.

Total cash disbursements were \$29,669,200 in 2017.

Governmental Activities:

Total program cash receipts were \$18,589,310 in 2017, while program cash disbursements were \$29,667,619.

Program cash disbursements were primarily composed of Public Works, Human Services, Health, Public Safety, General Government-Judicial, and General Government-Legislative and Executive related cash disbursements which were \$4,640,643, \$8,616,663, \$3,706,695, \$3,673,074, \$1,807,216, and \$3,238,718, respectively, in 2017.

Business-Type Activities:

Program cash receipts were \$2,776 for business-type activities, while corresponding cash disbursements were \$1,581.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The *Statement of Net Position-cash basis* and *Statement of Activities-cash basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on the cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, the General Fund, the Ambulance & EMS Fund, the Children Services Levy Fund, the Real Estate Assessment Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and the other separate legal entity. The primary government consists of Adams County. The component unit presentation includes Venture Productions, Inc. on pages 14 and 15 presented on a cash basis. The Adams County Hospital is not presented in these financial statements as part of the primary government as they report on the accrual basis.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Statement of Net Position-cash basis and the Statement of Activities-cash basis

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position-cash basis and the Statement of Activities-cash basis report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position-cash basis and the Statement of Activities-cash basis, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, other, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program and the airport are reported as business-type activities.

Component Unit Activities – Although Venture Productions, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity. Adams County Hospital is also a separate legal entity; however, their financial statements are presented on the accrual basis of accounting. The financial statements of the Adams County Hospital are not included in this presentation.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 10. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the Ambulance & EMS Fund, the Children Services Levy Fund, the Real Estate Assessment Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and cash basis fund balances or changes in net position and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the Statement of Activities-cash basis due to transfers and advances netted on the Statement of Activities-cash basis. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The basis of accounting used for fiduciary funds is the cash basis of accounting. The County's only fiduciary funds are agency funds.

The County as a Whole

Recall that the Statement of Net Position-cash basis provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2017 as compared to 2016:

Table 1
 Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Assets						
Equity in Pooled Cash and Cash Equivalents	\$11,515,563	\$11,390,839	\$3,777	\$2,582	\$11,519,340	\$11,393,421
Cash and Cash Equivalents with Fiscal Agents	63,660	68,541	0	0	63,660	68,541
Total Assets	11,579,223	11,459,380	3,777	2,582	11,583,000	11,461,962
Net Position						
Restricted	8,978,005	10,001,619	0	0	8,978,005	10,001,619
Unrestricted	2,601,218	1,457,761	3,777	2,582	2,604,995	1,460,343
Total Net Position	\$11,579,223	\$11,459,380	\$3,777	\$2,582	\$11,583,000	\$11,461,962

Total net position increased by \$121,038 due to cash receipts exceeding cash disbursements.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 2 shows the changes in net position for 2017 as compared to 2016.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$4,081,103	\$4,122,140	\$2,776	\$2,319	\$4,083,879	\$4,124,459
Operating Grants and Contributions	13,157,213	11,553,377	0	0	13,157,213	11,553,377
Capital Grants and Contributions	1,350,994	651,945	0	0	1,350,994	651,945
Total Program Cash Receipts	18,589,310	16,327,462	2,776	2,319	18,592,086	16,329,781
<i>General Cash Receipts</i>						
Property Taxes	5,472,695	5,677,326	0	0	5,472,695	5,677,326
Sales Taxes	2,801,143	2,846,356	0	0	2,801,143	2,846,356
Grants and Entitlements Not						
Restricted to Specific Programs	2,305,331	1,202,826	0	0	2,305,331	1,202,826
Miscellaneous	433,584	471,059	0	0	433,584	471,059
Interest	97,606	61,251	0	0	97,606	61,251
Proceeds from OPWC Loans	0	163,000	0	0	0	163,000
Proceeds from OWDA Loans	87,793	69,439	0	0	87,793	69,439
Total General Cash Receipts	11,198,152	10,491,257	0	0	11,198,152	10,491,257
Total Cash Receipts	29,787,462	26,818,719	2,776	2,319	29,790,238	26,821,038
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	3,238,718	3,656,210	0	0	3,238,718	3,656,210
Judicial	1,807,216	1,824,576	0	0	1,807,216	1,824,576
Public Safety	3,673,074	3,562,085	0	0	3,673,074	3,562,085
Public Works	4,640,643	4,108,916	0	0	4,640,643	4,108,916
Health	3,706,695	3,819,295	0	0	3,706,695	3,819,295
Human Services	8,616,663	8,216,376	0	0	8,616,663	8,216,376
Other	327,976	683,057	0	0	327,976	683,057
Capital Outlay	3,025,583	1,403,906	0	0	3,025,583	1,403,906
<i>Debt Service:</i>						
Principal Retirement	565,608	523,695	0	0	565,608	523,695
Interest and Fiscal Charges	65,443	76,976	0	0	65,443	76,976
Airport	0	0	0	0	0	0
Sewer	0	0	1,581	452	1,581	452
Total Cash Disbursements	29,667,619	27,875,092	1,581	452	29,669,200	27,875,544
Change in Net Position	119,843	(1,056,373)	1,195	1,867	121,038	(1,054,506)
Net Position at Beginning of Year	11,459,380	12,515,753	2,582	715	11,461,962	12,516,468
Net Position at End of Year	\$11,579,223	\$11,459,380	\$3,777	\$2,582	\$11,583,000	\$11,461,962

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Net position increased \$119,843 in governmental activities in 2017. Program cash receipts were composed of charges for services, operating grants and contributions and capital grants and contributions which were \$4,081,103, \$13,157,213, and \$1,350,994 respectively.

Cash receipts for governmental activities increased \$2,968,743 primarily due to increases in operating grants and contributions, capital grants and contributions, and grants and entitlements not restricted to specific programs. Operating grants increased primarily due to increases in the children services, developmentally disabled, and the motor vehicle gas tax programs. Capital grants and contributions increased due to an increase in OPWC monies received in 2017. Grants and contributions not restricted to specific programs increased due to the Medicaid Local Sales Tax program monies received from the State.

Program cash disbursements increased \$1,792,527. Public works disbursements increased as a result of increased funding for the motor vehicle gas tax program. Human services disbursements increased due to increased services in the children services and public assistance programs. Capital outlay disbursements increased due to road and bridge projects which were funded through grants and loans from the OWDA and OPWC.

Property taxes, sales taxes and operating grants and contributions made up 18.4, 9.4, and 44.2 percent, respectively for governmental activities for the County in 2017.

The Statement of Activities-cash basis shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services (on the cash basis) for the County. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 37.7 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Adams County.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 3
 Total Cost of Program Services
 Governmental Activities and Business-Type Activities

	2017		2016	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$3,238,718	\$2,245,353	\$3,656,210	\$2,492,715
Judicial	1,807,216	1,392,561	1,824,576	1,419,716
Public Safety	3,673,074	2,353,791	3,562,085	2,375,156
Public Works	4,640,643	1,077,037	4,108,916	1,004,273
Health	3,706,695	807,091	3,819,295	848,577
Human Services	8,616,663	1,906,773	8,216,376	1,835,952
Other	327,976	261,946	683,057	453,194
Capital Outlay	3,025,583	402,706	1,403,906	517,376
Debt Service				
Principal Retirement	565,608	565,608	523,695	523,695
Interest and Fiscal Charges	65,443	65,443	76,976	76,976
Total Cash Disbursements - Governmental Activities	<u><u>\$29,667,619</u></u>	<u><u>\$11,078,309</u></u>	<u><u>\$27,875,092</u></u>	<u><u>\$11,547,630</u></u>
Business-Type Activities				
Airport	\$0	0	\$0	(684)
Sewer	1,581	2,776	452	(1,183)
Total Cash Disbursements - Business-Type Activities	<u><u>\$1,581</u></u>	<u><u>2,776</u></u>	<u><u>\$452</u></u>	<u><u>(1,867)</u></u>

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport. Program cash receipts did support the business-type activities with program cash receipts exceeding program cash disbursements. Overall net position increased \$1,195 from 2016 to 2017.

The County's Funds

Information about the County's major funds starts on page 16. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$30,638,724 and cash disbursements and other financing uses of \$30,518,881. The net change in fund balance for the year was most significant in the General and the Ambulance & EMS funds. The fund balance of the General Fund increased \$1,143,457 due to receipts received from the State for Medicaid Local Sales Tax Transition program. The fund balance in the Ambulance and EMS Fund decreased \$620,316 due mainly to disbursements exceeding receipts. The fund balance in the ACBDD Fund decreased \$29,069. The fund balance of the Motor Vehicle Gas Tax Fund decreased \$262,611 as a result of increased disbursements. The fund balance in the Job and Family Services Fund decreased \$25,559. The fund balance of the Real Estate Assessment Fund increased \$139,535 as a result of receipts exceeding disbursements. The fund balance of the Children Services Levy fund increased \$17,722.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts and other financing sources were \$8,099,728, below original budget estimates of \$8,275,000. Of this \$175,272 difference, taxes and other receipts decreased, while intergovernmental receipts increased. Actual cash basis receipts and other financing sources were \$48,487 higher than final budgeted receipts which were primarily due to higher than expected tax and other receipts which were partially offset by lower than anticipated intergovernmental and charges for services receipts. Final budgeted appropriations and other financing uses were \$8,976,168, which were above original appropriations and other financing uses of \$8,783,401. Of the \$192,767 difference, final budgeted appropriations in public safety and human service increased while capital outlay. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$8,389,927, which was \$241,712 above cash receipts and other financing sources. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$634,728.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$3,025,583 during 2017.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2017, the County had \$4,628,068, in bonds, leases, and related long-term debt for governmental activities. For additional information on debt, please see Note 9 and Note 10.

Table 4 summarizes bonds, loans and notes outstanding for Governmental Activities for the past two years:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2017	2016
General Obligation Bonds	\$900,000	\$950,000
Special Assessment Bonds	220,070	227,282
Police Cruisers	0	80,000
OPWC Loans	1,503,491	1,583,777
OWDA Loan	1,664,507	1,741,317
Vehicle Acquisition Bonds	200,000	300,000
Courthouse Security & Renovation Bonds	42,000	78,000
West Fork Road Improvement Bonds	98,000	112,000
Capital Lease	0	33,507
Totals	<u>\$4,628,068</u>	<u>\$5,105,883</u>

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Gifford, County Auditor of Adams County, 110 West Main Street, Room 104, West Union, Ohio 45693-1395, or email at david.gifford@auditor.adamscountyoh.gov.

Adams County, Ohio
Statement of Net Position - Cash Basis
As of December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$11,515,563	\$3,777	\$11,519,340	\$0
Cash and Cash Equivalents with Fiscal Agents	63,660	0	63,660	0
Cash and Cash Equivalents	0	0	0	319,833
<i>Total Assets</i>	<u>11,579,223</u>	<u>3,777</u>	<u>11,583,000</u>	<u>319,833</u>
NET POSITION:				
Restricted for Debt Service	395,268	0	395,268	0
Restricted for Capital Outlay	55,548	0	55,548	0
Restricted for ACBDD	1,198,652	0	1,198,652	0
Restricted for Motor Vehicle Gas Tax	1,098,431	0	1,098,431	0
Restricted for Job and Family Services	860,361	0	860,361	0
Restricted for Ambulance & EMS	666,008	0	666,008	0
Restricted for Real Estate Assessment	1,392,409	0	1,392,409	0
Restricted for Ohio Transportation Project	137,972	0	137,972	0
Restricted for Child Support Enforcement	822,539	0	822,539	0
Restricted for Probation Services	198,208	0	198,208	0
Restricted for Children Services Levy	738,638	0	738,638	0
Restricted for Other Purposes	1,413,971	0	1,413,971	0
Unrestricted	2,601,218	3,777	2,604,995	319,833
<i>Total Net Position</i>	<u>\$11,579,223</u>	<u>\$3,777</u>	<u>\$11,583,000</u>	<u>\$319,833</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Activities - Cash Basis
As of December 31, 2017

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position			Component Unit
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
Governmental Activities:								
General Government:								
Legislative and Executive	\$3,238,718	\$583,209	\$410,156	\$0	(\$2,245,353)	\$0	(\$2,245,353)	\$0
Judicial	1,807,216	340,319	74,336	0	(1,392,561)	0	(1,392,561)	0
Public Safety	3,673,074	640,884	678,399	0	(2,353,791)	0	(2,353,791)	0
Public Works	4,640,643	607,502	2,956,104	0	(1,077,037)	0	(1,077,037)	0
Health	3,706,695	479,569	2,420,035	0	(807,091)	0	(807,091)	0
Human Services	8,616,663	1,118,079	5,591,811	0	(1,906,773)	0	(1,906,773)	0
Other	327,976	62,745	3,285	0	(261,946)	0	(261,946)	0
Capital Outlay	3,025,583	248,796	1,023,087	1,350,994	(402,706)	0	(402,706)	0
Debt Service:								
Principal Retirement	565,608	0	0	0	(565,608)	0	(565,608)	0
Interest and Fiscal Charges	65,443	0	0	0	(65,443)	0	(65,443)	0
Total Governmental Activities	29,667,619	4,081,103	13,157,213	1,350,994	(11,078,309)	0	(11,078,309)	0
Business-Type Activities:								
Airport	0	0	0	0	0	0	0	0
Sewer	1,581	2,776	0	0	0	1,195	1,195	0
Total Business-Type Activities	1,581	2,776	0	0	0	1,195	1,195	0
Component Unit:								
Venture Productions, Inc.	334,137	290,409	0	0				(43,728)
Total Component Unit	334,137	290,409	0	0				(43,728)
Totals	\$30,003,337	\$4,374,288	\$13,157,213	\$1,350,994				(43,728)
General Cash Receipts								
Property Taxes Levied for:								
General Purposes					2,264,185	0	2,264,185	0
Ambulance & EMS					1,054,505	0	1,054,505	0
ACBDD					815,365	0	815,365	0
Children Services					950,966	0	950,966	0
Other Purposes					387,674	0	387,674	0
Sales Taxes Levied for General Purposes					2,801,143	0	2,801,143	0
Grants and Entitlements Not								
Restricted to Specific Programs					2,305,331	0	2,305,331	0
Miscellaneous					433,584	0	433,584	35,985
Interest					97,606	0	97,606	303
Proceeds from OWDA Loans					87,793	0	87,793	0
Total General Cash Receipts					11,198,152	0	11,198,152	36,288
Change in Net Position					119,843	1,195	121,038	(7,440)
Net Position Beginning of Year					11,459,380	2,582	11,461,962	327,273
Net Position End of Year					\$11,579,223	\$3,777	\$11,583,000	\$319,833

The notes to the basic financial statements are an integral part of this statement.

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Adams County, Ohio
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 As of December 31, 2017

	<u>General</u>	<u>Ambulance & EMS</u>	<u>Children Services Levy</u>	<u>ACBDD</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$2,601,218	\$666,008	\$738,638	\$1,134,992
Cash and Cash Equivalents with Fiscal Agents	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,660</u>
<i>Total Assets</i>	<u><u>\$2,601,218</u></u>	<u><u>\$666,008</u></u>	<u><u>\$738,638</u></u>	<u><u>\$1,198,652</u></u>
FUND BALANCES:				
Nonspendable	\$36,390	\$0	\$0	\$0
Restricted	0	666,008	738,638	1,198,652
Committed	1,169,231	0	0	0
Assigned	840,818	0	0	0
Unassigned	<u>554,779</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u><u>\$2,601,218</u></u>	<u><u>\$666,008</u></u>	<u><u>\$738,638</u></u>	<u><u>\$1,198,652</u></u>

The notes to the basic financial statements are an integral part of this statement.

<u>Motor Vehicle Gas Tax</u>	<u>Job and Family Services</u>	<u>Real Estate Assessment</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$1,098,431	\$860,361	\$1,392,409	\$3,023,506	\$11,515,563
0	0	0	0	63,660
<u>\$1,098,431</u>	<u>\$860,361</u>	<u>\$1,392,409</u>	<u>\$3,023,506</u>	<u>\$11,579,223</u>
\$0	\$0	\$0	\$0	\$36,390
1,098,431	860,361	1,392,409	3,023,506	8,978,005
0	0	0	0	1,169,231
0	0	0	0	840,818
0	0	0	0	554,779
<u>\$1,098,431</u>	<u>\$860,361</u>	<u>\$1,392,409</u>	<u>\$3,023,506</u>	<u>\$11,579,223</u>

Adams County, Ohio
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of December 31, 2017

	General	Ambulance & EMS	Children Services Levy	ACBDD
CASH RECEIPTS:				
Taxes	\$5,065,328	\$1,054,505	\$950,966	\$815,365
Special Assessments	0	0	0	0
Charges for Services	1,372,258	310,975	614,973	21,452
Licenses and Permits	1,818	0	0	0
Fines and Forfeitures	160,553	0	0	0
Intergovernmental	2,110,765	83,492	1,461,142	1,045,149
Interest	84,263	0	0	0
Other	241,916	17,799	0	40,488
<i>Total Cash Receipts</i>	<u>9,036,901</u>	<u>1,466,771</u>	<u>3,027,081</u>	<u>1,922,454</u>
CASH DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,629,287	0	0	0
Judicial	1,696,763	0	0	0
Public Safety	2,665,074	0	0	0
Public Works	248,310	0	0	0
Health	110,881	1,644,813	0	1,821,287
Human Services	308,061	0	3,006,973	0
Other	323,095	0	0	4,881
Capital Outlay	89,264	40,274	2,386	125,355
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Cash Disbursements</i>	<u>8,070,735</u>	<u>1,685,087</u>	<u>3,009,359</u>	<u>1,951,523</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>966,166</u>	<u>(218,316)</u>	<u>17,722</u>	<u>(29,069)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from OWDA Loans	0	0	0	0
Transfers In	402,000	0	0	0
Advances In	25,000	0	0	0
Transfers Out	(234,709)	(402,000)	0	0
Advances Out	(15,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>177,291</u>	<u>(402,000)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	1,143,457	(620,316)	17,722	(29,069)
<i>Fund Cash Balances at Beginning of Year</i>	<u>1,457,761</u>	<u>1,286,324</u>	<u>720,916</u>	<u>1,227,721</u>
<i>Fund Cash Balances at End of Year</i>	<u><u>\$2,601,218</u></u>	<u><u>\$666,008</u></u>	<u><u>\$738,638</u></u>	<u><u>\$1,198,652</u></u>

The notes to the basic financial statements are an integral part of this statement.

Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$0	\$387,674	\$8,273,838
0	0	0	13,378	13,378
9,158	128,999	512,952	779,058	3,749,825
0	0	0	0	1,818
18,822	0	0	136,707	316,082
3,689,133	4,271,247	0	4,152,610	16,813,538
13,277	0	0	66	97,606
14,675	75,348	2,224	41,134	433,584
<u>3,745,065</u>	<u>4,475,594</u>	<u>515,176</u>	<u>5,510,627</u>	<u>29,699,669</u>
0	0	373,856	235,575	3,238,718
0	0	0	110,453	1,807,216
0	0	0	1,008,000	3,673,074
3,048,759	0	0	1,343,574	4,640,643
0	0	0	129,714	3,706,695
0	4,461,855	0	839,774	8,616,663
0	0	0	0	327,976
766,411	16,718	1,785	1,983,390	3,025,583
180,786	0	0	384,822	565,608
11,720	0	0	53,723	65,443
<u>4,007,676</u>	<u>4,478,573</u>	<u>375,641</u>	<u>6,089,025</u>	<u>29,667,619</u>
<u>(262,611)</u>	<u>(2,979)</u>	<u>139,535</u>	<u>(578,398)</u>	<u>32,050</u>
0	0	0	87,793	87,793
0	90,903	0	318,359	811,262
0	0	0	15,000	40,000
0	(113,483)	0	(61,070)	(811,262)
0	0	0	(25,000)	(40,000)
<u>0</u>	<u>(22,580)</u>	<u>0</u>	<u>335,082</u>	<u>87,793</u>
(262,611)	(25,559)	139,535	(243,316)	119,843
<u>1,361,042</u>	<u>885,920</u>	<u>1,252,874</u>	<u>3,266,822</u>	<u>11,459,380</u>
<u>\$1,098,431</u>	<u>\$860,361</u>	<u>\$1,392,409</u>	<u>\$3,023,506</u>	<u>\$11,579,223</u>

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
As of December 31, 2017*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$5,144,145	\$4,940,500	\$5,065,328	\$124,828
Charges for Services	1,209,421	1,278,850	1,190,891	(87,959)
Licenses and Permits	1,846	2,000	1,818	(182)
Fines and Forfeitures	163,051	143,900	160,553	16,653
Intergovernmental	956,184	1,107,650	941,534	(166,116)
Interest	85,574	45,000	84,263	39,263
Other	242,544	141,828	238,828	97,000
<i>Total Receipts</i>	<u>7,802,765</u>	<u>7,659,728</u>	<u>7,683,215</u>	<u>23,487</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,763,529	2,725,720	2,529,281	196,439
Judicial	1,840,925	1,896,942	1,738,427	158,515
Public Safety	2,731,716	2,846,056	2,730,228	115,828
Public Works	245,784	300,036	251,352	48,684
Health	153,416	160,676	142,184	18,492
Human Services	414,115	429,517	332,887	96,630
Other	59,650	100,093	93,001	7,092
Capital Outlay	428,454	366,252	322,858	43,394
<i>Total Disbursements</i>	<u>8,637,589</u>	<u>8,825,292</u>	<u>8,140,218</u>	<u>685,074</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(834,824)</u>	<u>(1,165,564)</u>	<u>(457,003)</u>	<u>708,561</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	446,846	440,000	440,000	0
Transfers Out	(145,812)	(150,876)	(234,709)	(83,833)
Advances In	25,389	0	25,000	25,000
Advances Out	0	0	(15,000)	(15,000)
<i>Total Other Financing Sources (Uses)</i>	<u>326,423</u>	<u>289,124</u>	<u>215,291</u>	<u>(73,833)</u>
<i>Excess of Receipts and Other Financing Sources under Disbursements and Other Financing Uses</i>	<u>(508,401)</u>	<u>(876,440)</u>	<u>(241,712)</u>	<u>634,728</u>
<i>Fund Balance at Beginning of Year</i>	1,008,758	1,008,758	1,008,758	0
<i>Prior Year Encumbrances Appropriated</i>	<u>240,269</u>	<u>240,269</u>	<u>240,269</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$740,626</u></u>	<u><u>\$372,587</u></u>	<u><u>\$1,007,315</u></u>	<u><u>\$634,728</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
As of December 31, 2017*

	Ambulance & EMS Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$1,120,344	\$1,054,777	\$1,054,505	(\$272)
Charges for Services	330,391	305,080	310,975	5,895
Intergovernmental	88,705	103,000	83,492	(19,508)
Other	18,910	3,000	17,799	14,799
<i>Total Receipts</i>	<u>1,558,350</u>	<u>1,465,857</u>	<u>1,466,771</u>	<u>914</u>
DISBURSEMENTS:				
Current:				
Health	1,843,702	1,884,881	1,714,169	170,712
Capital Outlay	192,715	151,536	41,959	109,577
<i>Total Disbursements</i>	<u>2,036,417</u>	<u>2,036,417</u>	<u>1,756,128</u>	<u>280,289</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(478,067)</u>	<u>(570,560)</u>	<u>(289,357)</u>	<u>281,203</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(402,000)	(402,000)	(402,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(402,000)</u>	<u>(402,000)</u>	<u>(402,000)</u>	<u>0</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	(880,067)	(972,560)	(691,357)	281,203
<i>Fund Balance at Beginning of Year</i>	1,239,873	1,239,873	1,239,873	0
<i>Prior Year Encumbrances Appropriated</i>	46,451	46,451	46,451	0
<i>Fund Balance at End of Year</i>	<u>\$406,257</u>	<u>\$313,764</u>	<u>\$594,967</u>	<u>\$281,203</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*
As of December 31, 2017

	Children Services Levy Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$823,429	\$961,000	\$950,966	(\$10,034)
Charges for Services	532,497	763,770	614,973	(148,797)
Intergovernmental	1,265,184	1,301,340	1,461,142	159,802
<i>Total Receipts</i>	<u>2,621,110</u>	<u>3,026,110</u>	<u>3,027,081</u>	<u>971</u>
DISBURSEMENTS:				
Current:				
Human Services	2,969,806	3,191,806	3,144,756	47,050
Capital Outlay	9,005	4,005	3,732	273
<i>Total Disbursements</i>	<u>2,978,811</u>	<u>3,195,811</u>	<u>3,148,488</u>	<u>47,323</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(357,701)</u>	<u>(169,701)</u>	<u>(121,407)</u>	<u>48,294</u>
<i>Fund Balance at Beginning of Year</i>	615,806	615,806	615,806	0
<i>Prior Year Encumbrances Appropriated</i>	<u>105,111</u>	<u>105,111</u>	<u>105,111</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$363,216</u></u>	<u><u>\$551,216</u></u>	<u><u>\$599,510</u></u>	<u><u>\$48,294</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*
As of December 31, 2017

	ACBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$750,493	\$803,500	\$815,365	\$11,865
Charges for Services	19,745	22,000	21,452	(548)
Intergovernmental	961,995	1,028,000	1,045,149	17,149
Other	37,267	6,000	40,488	34,488
<i>Total Receipts</i>	<u>1,769,500</u>	<u>1,859,500</u>	<u>1,922,454</u>	<u>62,954</u>
DISBURSEMENTS:				
Current:				
Health	2,823,327	2,793,327	1,953,214	840,113
Other	0	4,881	4,881	0
Capital Outlay	100,746	130,746	125,355	5,391
<i>Total Disbursements</i>	<u>2,924,073</u>	<u>2,928,954</u>	<u>2,083,450</u>	<u>845,504</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(1,154,573)</u>	<u>(1,069,454)</u>	<u>(160,996)</u>	<u>908,458</u>
<i>Fund Balance at Beginning of Year</i>	1,173,648	1,173,648	1,173,648	0
<i>Prior Year Encumbrances Appropriated</i>	<u>54,073</u>	<u>54,073</u>	<u>54,073</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$73,148</u>	<u>\$158,267</u>	<u>\$1,066,725</u>	<u>\$908,458</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*
As of December 31, 2017

	Motor Vehicle Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Fines and Forfeitures	\$17,590	\$20,000	\$18,822	(\$1,178)
Charges for Services	8,559	5,000	9,158	4,158
Intergovernmental	3,447,728	3,658,333	3,689,133	30,800
Interest	12,408	10,000	13,277	3,277
Other	13,715	10,000	14,675	4,675
<i>Total Receipts</i>	<u>3,500,000</u>	<u>3,703,333</u>	<u>3,745,065</u>	<u>41,732</u>
DISBURSEMENTS:				
Current:				
Public Works	3,337,912	3,452,155	3,175,110	277,045
Capital Outlay	558,000	836,258	768,399	67,859
Debt Service:				
Principal Retirement	198,686	181,766	180,786	980
Interest and Fiscal Charges	0	11,720	11,720	0
<i>Total Disbursements</i>	<u>4,094,598</u>	<u>4,481,899</u>	<u>4,136,015</u>	<u>345,884</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(594,598)</u>	<u>(778,566)</u>	<u>(390,950)</u>	<u>387,616</u>
<i>Fund Balance at Beginning of Year</i>	766,444	766,444	766,444	0
<i>Prior Year Encumbrances Appropriated</i>	<u>594,598</u>	<u>594,598</u>	<u>594,598</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$766,444</u>	<u>\$582,476</u>	<u>\$970,092</u>	<u>\$387,616</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
As of December 31, 2017*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$136,327	\$114,270	\$128,999	\$14,729
Intergovernmental	4,513,884	4,308,235	4,271,247	(36,988)
Other	79,628	11,976	75,348	63,372
<i>Total Receipts</i>	<u>4,729,839</u>	<u>4,434,481</u>	<u>4,475,594</u>	<u>41,113</u>
DISBURSEMENTS:				
Current:				
Human Services	5,060,171	5,252,378	4,865,184	387,194
Capital Outlay	50,130	35,130	16,779	18,351
<i>Total Disbursements</i>	<u>5,110,301</u>	<u>5,287,508</u>	<u>4,881,963</u>	<u>405,545</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(380,462)</u>	<u>(853,027)</u>	<u>(406,369)</u>	<u>446,658</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	96,067	80,730	90,903	10,173
Transfers Out	(101,690)	(113,483)	(113,483)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,623)</u>	<u>(32,753)</u>	<u>(22,580)</u>	<u>10,173</u>
<i>Excess of Receipts and Other Financial Sources under Disbursements and Other Financing Uses</i>	<u>(386,085)</u>	<u>(885,780)</u>	<u>(428,949)</u>	<u>456,831</u>
<i>Fund Balance at Beginning of Year</i>	698,791	698,791	698,791	0
<i>Prior Year Encumbrances Appropriated</i>	<u>187,129</u>	<u>187,129</u>	<u>187,129</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$499,835</u>	<u>\$140</u>	<u>\$456,971</u>	<u>\$456,831</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
As of December 31, 2017*

	Real Estate Assessment Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$ 505,216	\$ 507,006	\$ 512,952	\$ 5,946
Other	20,833	400	2,224	1,824
<i>Total Receipts</i>	<u>526,049</u>	<u>507,406</u>	<u>515,176</u>	<u>7,770</u>
DISBURSEMENTS:				
Current:				
Legislative and Executive	992,433	992,443	405,998	586,445
Capital Outlay	30,000	30,000	1,785	28,215
<i>Total Disbursements</i>	<u>1,022,433</u>	<u>1,022,443</u>	<u>407,783</u>	<u>614,660</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(496,384)</u>	<u>(515,037)</u>	<u>107,393</u>	<u>622,430</u>
<i>Fund Balance at Beginning of Year</i>	1,132,826	1,132,826	1,132,826	0
<i>Prior Year Encumbrances Appropriated</i>	<u>120,048</u>	<u>120,048</u>	<u>120,048</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$756,490</u></u>	<u><u>\$737,837</u></u>	<u><u>\$1,360,267</u></u>	<u><u>\$622,430</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Cash Basis Assets and Net Position
Proprietary Funds
As of December 31, 2017

	<u>Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,777</u>
NET POSITION:	
Unrestricted	<u>\$3,777</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Net Position
 Proprietary Funds
 As of December 31, 2017*

	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$2,776
<i>Total Operating Cash Receipts</i>	<i>2,776</i>
OPERATING CASH DISBURSEMENTS:	
Contractual Services	1,581
<i>Total Operating Cash Disbursements</i>	<i>1,581</i>
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	<i>1,195</i>
<i>Net Cash Position at Beginning of Year</i>	<i>2,582</i>
<i>Net Cash Position at End of Year</i>	<i>\$3,777</i>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Fiduciary Net Position
Agency Funds
As of December 31, 2017

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$4,480,011
Cash and Cash Equivalents in Segregated Accounts	<u>442,877</u>
<i>Total Assets</i>	<u>4,922,888</u>
NET POSITION:	
Held on Behalf of Others	<u>4,922,888</u>
<i>Total Net Position</i>	<u><u>\$4,922,888</u></u>

The notes to the basic financial statements are an integral part of this statement.

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NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Adams County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the County which are maintained in the funds described below. Services provided by the County include: general government, public safety, public works, health, and human services.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board codification 2100, “Defining the Reporting Entity” for determining the reporting entity. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

Adams County Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. The Hospital is not considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County, and consequently, the Hospital’s financial activity is not presented on the County’s basic financial statements. Separately-issued financial statements can be obtained from Adams County Hospital, 230 Medical Center Drive, Seaman, Ohio 45679.

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

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County Treasury. In the case of separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County’s financial statements: Soil and Water Conservation District, Adams County Health District, and Family and Children First Council.

The component unit column on the financial statements identifies the financial data of Venture Productions, Inc. The component unit is reported separately to emphasize that it is legally separate from the County. Information about Venture Productions, Inc. is presented with the County’s disclosures.

Venture Productions, Inc. is a legally separate, not-for-profit corporation, served by a board of trustees appointed by the Adams County Board of Developmental Disabilities (ACBDD). The workshop, under contractual agreement with the Adams County Board of Developmental Disabilities, provides sheltered employment for mentally and/or physically handicapped adults in Adams County. The Adams County Board of Developmental Disabilities provides the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop’s sole purpose of providing assistance to the mentally and/or physically handicapped adults of Adams County, the workshop is considered a component unit of Adams County. Venture Productions, Inc.’s financial activity is included as part of this report. Separately issued financial statements can be obtained from Venture Productions, Inc., P.O. Box 86, Seaman, Ohio 45679.

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

Entities for which the County provides services but are not included in this report are the Adams County Educational Service Center, Agricultural Society, and the Historical Society.

Adams County has several County departments that maintain segregated bank accounts for funds held in a custodial capacity. Elected or appointed departmental officials are responsible for the financial records. The County Auditor does not have any operating control over these monies. The financial activity related to these accounts is reported in the accompanying financial statements as agency funds.

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 11 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds for which the County is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Deposits

The County Treasurer invests all available funds of the County. County funds are invested in checking accounts with local commercial banks. The County pools its cash for investment purposes to capture the highest rate of return.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

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 purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. Under the cash basis of reporting, there is no difference between governmental fund assets and fund balance. The following are the County's major governmental funds:

General Fund

This fund is the general operating fund of the County and is used to account for all financial resources not accounted for or reported in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Ambulance and EMS Special Revenue Fund

This fund is used to provide ambulance and EMS services to the community of Adams County. The primary sources of revenues are monies received from various federal and state grants and a property tax levy.

Children Services Levy Fund

The Children Services Levy fund accounts for property taxes and federal funds restricted for programs designed to help abused, neglected, dependent, and troubled children and their families.

ACBDD Special Revenue Fund

This fund is used to provide assistance and training to mentally retarded and developmentally disabled individuals. The primary sources of revenues are various federal and state grants and a property tax levy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle Gas Tax Special Revenue Fund

This fund is used for maintenance and repair of roads and bridges. The primary sources of revenues are monies received from state gasoline tax and motor vehicle registration fees designated.

Job and Family Services Special Revenue Fund

This fund is used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of revenue are various federal and state grants as well as transfers from the General Fund.

Real Estate Assessment Fund

This fund accounts for state mandated county-wide real estate reappraisals that are funded by charges to the political subdivisions located within the County.

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

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. For the County, enterprise funds are the Sewer Fund, which is used to account for the activities related to wastewater treatment in the County, and the Airport Fuel Fund, which is used to account for fuel purchases and sales for the airport.

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. The County's only fiduciary funds are agency funds.

Agency Funds

Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

For 2017, the County has continued to follow the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following are the more significant of the County's accounting policies. The County's basic financial statements consist of government-wide statements, including a statement of net cash 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-Cash Basis and the Statement of Activities-Cash Basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position-Cash Basis presents the cash basis financial condition of governmental and business-type activities of the County at year-end. The Statement of Activities-Cash Basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts 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. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding one of the legally separate entities or component units, for which the County is fiscally responsible. This component unit is Venture Productions, Inc. and is described further in Note 1 to the financial statements.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Balances

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the County Commissioners.

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

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

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, Venture Productions, Inc.'s financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget

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

Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Advances are not appropriated.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The amounts reported as the original budgeted amounts reflect the original budget approved by the County Commissioners.

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Cash and Cash Equivalents

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2017. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of twelve to twenty-four months.

Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to state statutes, grant requirements or debt related restrictions. For 2017, interest receipts credited to the General Fund and the Motor Vehicle Gas Tax Fund were \$84,263 and \$13,277, respectively.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, paid to the employees.

Long-Term Debt Obligations and Short-Term Debt Obligations

In general, bonds, long-term loans, capital leases, and short-term debt obligations are recorded as cash disbursements in the basic financial statements when paid.

Net Position – Cash Basis

Net position consists of cash receipts reduced by cash disbursements for the current year. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised of net position restricted for grants. The County applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

Of the County's \$8,978,005 of restricted net position, none is restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements 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 cash disbursements to the funds that initially paid for them are not presented on the financial statements. The County reports advances-in and advances-out for interfund loans. In the government-wide financial statements transfers and advances within governmental activities or within business-type activities are eliminated.

Pensions

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Primary Government

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Up to forty percent of the County's average portfolio in either of the following
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
 - b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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

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

Cash on Hand: At year-end, the County had \$3,000 in undeposited cash on hand which is included as part of net position.

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$13,161,832 of the County's bank balance of \$17,299,863 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

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

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

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

\$63,660 was on hand with the Southern Ohio Council of Governments (the “Council”), as described in Note 11 to the financial statements. The Council, as fiscal agent, is responsible for obtaining adequate collateral for this money.

B. Component Unit – Venture Productions, Inc.

At December 31, 2017, the carrying amount of Venture Productions, Inc.’s deposits was \$319,833 and the bank balance was \$311,580. The total bank balance consists of a checking and a savings account and was covered by federal deposit insurance.

NOTE 4- BUDGETARY BASIS FUND BALANCES

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the General Fund, Ambulance & EMS Fund, Real Estate Assessment Fund, ACBDD Fund, Motor Vehicle Gasoline Tax Fund, Job and Family Services Fund, and Children Services Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). As part of the Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” certain funds that were previously reported as an Agency or Special Revenue Fund are considered part of the General Fund on a cash basis.

These include the Unclaimed Monies Fund, County Medicaid Sales Tax Transition Fund, Certificate of Title Fund, and Public Defender Fund. These funds were excluded from the budgetary presentation for the General Fund.

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In addition, the voters have authorized an additional 0.5 percent tax. The allocation of the sales tax is 1 percent to the County’s General Fund and 0.5 percent for Adams County Hospital. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Ohio Office of Budget and Management. The Tax Commissioner’s certification must be made within forty-five days after the end of each month.

PROPERTY TAX

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

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

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

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

The full tax rate for all County operations for the year ended December 31, 2017 was \$11.86 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$433,265,640
Public Utility Personal Property	<u>200,839,900</u>
Total	<u><u>\$634,105,540</u></u>

The Adams County Treasurer collects property taxes on behalf of all taxing districts within the County, including the County. The Adams County Auditor periodically remits to the taxing districts their portions of the taxes collected.

NOTE 6 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	Limits of Coverage
General Liability	\$1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorist Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents - Replacement Cost	52,672,699
Flood and Earthquake	100,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Orders/Counterfeit Currency	1,000,000

NOTE 7 - RETIREMENT SYSTEM

Net Pension Liability

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

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

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

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

Under the cash basis of reporting, the County does not record a long-term net pension liability for the proportionate share of each plan’s unfunded benefits.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 7 - RETIREMENT SYSTEM (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 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	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 7 - RETIREMENT SYSTEM (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

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

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County’s contractually required contribution to OPERS was \$1,345,960 for fiscal year 2017.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 7 - RETIREMENT SYSTEM (Continued)

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability Current Measurement Date	0.07589500%
Proportion of the Net Pension Liability Prior Measurement Date	0.07712900%
Change in Proportionate Share	-0.00123400%
Proportionate Share of the Net Pension Liability	\$17,234,464

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent	
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75%(Traditional; 3.25% - 8.25% Combined)	
	Pre 1/7/2013 Retirees: 3 percent, simple	
	Post 1/7/2013 Retirees: 3.00 % Simple through 2018, then 2.15% Simple	
Investment Rate of Return	7.50 percent	
Actuarial Cost Method	Individual Entry Age	

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

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

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 7 - RETIREMENT SYSTEM (Continued)

Actuarial Assumptions – OPERS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 on the following page displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation for 2016</u>	<u>Weighted Average Long Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00 %	5.66 %

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
County's proportionate share of the net pension liability	\$26,329,493	\$17,234,464	\$9,655,362

Average Remaining Service Life GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). As of December 31, 2015, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.0856 years and for the Combined Plan was 9.1304 years. These amounts were used when calculating elements of pension expense subject to amortization requirements as defined in GASB 68 and reported in the Schedule of Collective Pension Amounts.

NOTE 8 - POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The employer contributions that were used to fund post employment benefits for the year ended December 31, 2017, 2016, and 2015 was \$103,491, \$205,498 and \$161,688, respectively. The full amount has been contributed for 2017, 2016 and 2015.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 9 - DEBT OBLIGATIONS

Long-Term Debt Obligations:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding the County's general long-term obligations during 2017 is as follows:

	Beginning		Ending		Due in One Year
	Balance 12/31/16	Additions	Payments	Balance 12/31/17	
General Obligation Bonds, 1.65% - 3.5%	\$950,000	\$0	\$50,000	\$900,000	\$50,000
Special Assessment Bonds, 3.25%	227,282	0	7,212	220,070	7,448
Police Cruisers	80,000	0	80,000	0	0
OPWC Loan #CO02H, 0%	44,200	0	5,200	39,000	5,200
OPWC Loan #CO02P, 0%	351,000	0	13,000	338,000	13,000
OPWC Loan #CO030, 0%	149,838	0	5,876	143,962	5,876
OPWC Loan #CO05M, 0%	292,868	0	12,733	280,135	12,733
OPWC Loan #CO07S, 0%	156,208	0	6,792	149,416	6,792
OPWC Loan #CO09I, 0%	106,046	0	11,784	94,262	11,784
OPWC Loan #CO14Q, 0%	159,617	0	11,401	148,216	11,401
OPWC Loan #CO15L, 0%	324,000	0	13,500	310,500	13,500
OWDA Loan #4981, 1.00%	1,220,225	0	43,191	1,177,034	43,624
OWDA Loan #5956, 0%	521,092	0	33,619	487,473	33,619
OWDA Loan #7477, 0%	0	87,793	87,793	0	0
Vehicle Acquisition Bonds, 2.60%	300,000	0	100,000	200,000	100,000
Courthouse Security & Renovation Bonds, 2.99% 2015	78,000	0	36,000	42,000	36,000
West Fork Rd. Improvement Bonds, 3.50%	112,000	0	14,000	98,000	14,000
	<u>\$5,072,376</u>	<u>\$87,793</u>	<u>\$532,101</u>	<u>\$4,628,068</u>	<u>\$364,977</u>

Outstanding special assessment bonds in the amount of \$320,163 were issued for the purpose of financing part of the cost of constructing a sanitary sewer line extension in the Peebles area. It is anticipated that the debt will be paid by the benefited property owners and not from the general funds of the County. However, County general funds are pledged for repayment. The bonds are payable over a period of thirty-nine years at 3.25% per annum, maturing June 1, 2039.

During 2005, the County entered into two grant/loan agreements with the Ohio Public Works Commission (OPWC). The first agreement, pertaining to the Pence Road and Church Road Bridge Replacements, included a grant in the amount of \$364,000 and a loan (Loan #CO02H) in the amount of \$104,000 at 0% interest, with semi-annual payments of \$2,600, maturing July 1, 2025. The second agreement, pertaining to the Buck Run Road Bridge Replacement, included a grant in the amount of \$100,000 and a loan (Loan #CO09I) in the amount of \$235,669 for 2005 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026. The OPWC loans are being repaid from the Motor Vehicle Gas Tax fund.

During 2008, the County entered into a loan agreement (Loan #4981) with OWDA for the purpose of obtaining funds in the amount of \$1,429,833 for phase one of the wastewater plant improvement project. This loan carries an interest rate of 1% and matures on January 1, 2042. This loan is being repaid from the debt service funds.

During 2009, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to Sproull Bridge Replacement, includes a grant of \$458,200 and a loan (Loan #CO05M) in the amount of \$382,000 at 0% interest. This loan is being paid in semi-annual installments of \$6,367, and matures on January 1, 2039. This loan is being repaid from the Motor Vehicle Gas Tax fund.

NOTE 9 - DEBT OBLIGATIONS (Continued)

During 2008, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to the Schools' Access and Sewage Project – Phase I, includes a grant of \$404,800 (CO14L), and a loan (CO15L) in the amount of \$405,000. This loan (CO15L) has a 0.00% interest rate. This loan is being paid back in semi-annual installments of \$6,750 from debt service funds. This loan has a final loan maturity of July 1, 2040.

During 2011, the County entered into a grant/loan agreement (Loan CO030) with OPWC Issue I Round 25 County, Townships and Village Road Improvements for the purpose of obtaining funds in the amount of \$176,280 for 30 years at 0% with semi-annual payments of \$2,938. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2012, the County entered into a grant/loan agreement (Grant CO01P) and (Loan CO02P) with OPWC. This agreement pertains to Beasley Fork Road Bridge Replacement, which included a grant in the amount of \$350,000 and a loan in the amount of \$390,000 at 0% interest, with semi-annual payments of \$6,500. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2011, the County entered into a grant/loan agreement with OWDA (#5956) and the American Reinvestment and Recovery Act (ARRA) for the purpose of obtaining \$2,282,938 for the Waste Water Treatment System. The project has been completed and the loan financed was \$672,377. The loan carries a zero percent interest rate and matures in 2032. The loan is being repaid from a debt service fund.

During 2012, the County issued General Obligation Bonds in the amount of \$1,135,000. The General Obligation Bonds payments are being made annually and will mature in 2032. The bonds are being repaid from debt service funds.

During 2013, the County entered into a grant/loan agreement (Loan CO14Q) with OPWC, County, Townships, and Village Road Improvements, for the purpose of obtaining funds in the amount of \$193,820 for 17 years at 0% with semi-annual payments of \$5,701. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2014, the County Commissioners issued \$500,000 of Engineer's Office Vehicle Acquisition Bonds to purchase vehicles for the Engineer's Office. These bonds have a 2.6% interest rate and will mature in 2019. These bonds are being repaid from the Motor Vehicle Gas Tax Fund.

During 2015, the County Commissioners authorized the issuance of \$144,000 in Courthouse Security Renovation bonds to replace the \$114,000 remaining balance of the 2014 Courthouse Security Renovation bonds and provide additional monies for construction. However, only \$114,000 of these bonds has been drawn down as of year-end. The bonds bear interest at 2.99% and mature in 2019. The bonds are being repaid from the Courthouse Security Renovation Fund.

During 2014, the County Commissioners issued \$140,000 in West Fork Road Improvement bonds for the purpose of improving West Fork Road in the County. The bonds bear interest at 3.50% and mature in 2024. The bonds are being repaid from the Motor Vehicle Gas Tax Fund.

During 2015, the County Commissioners authorized the issuance of \$100,000 in Police Cruiser Acquisition bonds to purchase police cruisers. The bonds bear interest at 3.50% and mature in 2020. The bonds were repaid from a debt service fund.

During 2016, the County entered into a grant/loan agreement (Loan #7477) with OWDA for the purpose of obtaining a loan for the Louisville Water Tank Project. During 2016, \$130,454 was disbursed on the loan. An additional \$87,793 was disbursed during 2017. The loan balance was repaid during 2017 from grant monies.

During 2016, the County entered into a grant/loan agreement (Loan CO07S) with OPWC County, Townships and Village Road and Bridges Improvements for the purpose of obtaining funds in the amount of \$163,000 for 30 years at 0% with semi-annual payments of \$3,396. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 9 - DEBT OBLIGATIONS (Continued)

At December 31, 2017, the County's overall legal debt margin was \$13,112,639 with an unvoted debt margin of \$6,341,055.

Amortization of the above long-term debt obligations is as follows:

Special Assessment Bonds				OPWC Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2018	\$7,448	\$7,092	\$14,540	2018	\$80,286	\$0	\$80,286
2019	7,692	6,848	14,540	2019	80,286	0	80,286
2020	7,944	6,596	14,540	2020	80,286	0	80,286
2021	8,206	6,336	14,542	2021	80,286	0	80,286
2022	8,474	6,067	14,541	2022	80,286	0	80,286
2023-2027	46,722	25,985	72,707	2023-2027	364,854	0	364,854
2028-2032	54,894	22,397	77,291	2028-2032	293,713	0	293,713
2033-2037	64,496	8,209	72,705	2033-2037	259,507	0	259,507
2038	14,194	347	14,541	2038-2042	170,987	0	170,987
Total	<u>\$220,070</u>	<u>\$89,877</u>	<u>\$309,947</u>	2043	13,000	0	13,000
				Total	<u>\$1,503,491</u>	<u>\$0</u>	<u>\$1,503,491</u>

General Obligation Bonds				OWDA Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2018	\$50,000	\$26,613	\$76,613	2018	\$77,243	\$11,661	\$88,904
2019	50,000	25,487	75,487	2019	77,681	11,224	88,905
2020	50,000	24,363	74,363	2020	78,122	10,783	88,905
2021	55,000	23,237	78,237	2021	78,568	10,336	88,904
2022	55,000	22,000	77,000	2022	79,018	9,885	88,903
2023-2027	295,000	86,600	381,600	2023-2027	402,012	42,511	444,523
2028-2032	345,000	36,613	381,613	2028-2032	397,162	27,848	425,010
2033-2037	0	0	0	2033-2037	258,454	17,974	276,428
Total	<u>\$900,000</u>	<u>\$244,913</u>	<u>\$1,144,913</u>	2038-2041	216,247	4,894	221,141
				Total	<u>\$1,664,507</u>	<u>\$147,116</u>	<u>\$1,811,623</u>

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 9 - DEBT OBLIGATIONS (Continued)

Amortization of the above long-term debt obligations is as follows:

Vehicle Acquisition Bonds				Courthouse Security & Renovation Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2018	\$ 100,000	\$ 5,200	\$105,200	2018	\$ 36,000	\$ 1,883	\$37,883
2019	100,000	2,600	102,600	2019	6,000	807	6,807
Total	\$200,000	\$7,800	\$207,800	Total	\$42,000	\$2,690	\$44,690

West Fork Road Improvement Bonds			
Due In	Principal	Interest	Total
2018	\$ 14,000	\$ 3,430	\$17,430
2019	14,000	2,940	16,940
2020	14,000	2,457	16,457
2021	14,000	1,960	15,960
2022	14,000	1,470	15,470
2023-2024	28,000	1,471	29,471
Total	\$ 98,000	\$ 13,728	\$111,728

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In fiscal year 2014, the County entered into a lease-purchase agreement for the Alert PSS Software System in the amount of \$97,747. The County is leasing the equipment from Alert Public Safety Solutions. This project was financed with American Financial Network, Inc. and the County makes annual lease payments each October. The interest rate is fixed at 2.87 percent and expired in fiscal year 2017. The total principal payments during 2017 were \$33,507, which paid the lease in full.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

The County is a member of the Southern Ohio Council of Governments (the “Council”), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County Board of Developmental Disabilities’ supportive living program monies. The County had a \$63,660 balance on hand with the Council which includes investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

NOTE 12 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-five counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees.

No county may have more than one representative on the Board of Trustees at any time. Each member county’s control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

County Commissioners Association of Ohio Workers’ Compensation Group Rating Plan

The County is participating in a group rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 13 – HEALTH CARE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees with Consumer Life through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits and dental benefits through Medical Mutual. The employees share the cost of the monthly premium with the Board of Commissioners. The premium varies with employee depending on the terms of the union contract or personnel policy. Vision insurance is provided to employees by the County through Vision Plus of America.

NOTE 14 - CONTINGENT LIABILITIES

A. Primary Government

Grants

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

Litigation

The County is party to legal proceedings. The County is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the County.

B. Component Unit – Venture Productions, Inc.

As of December 31, 2017, there was no pending litigation against Venture Productions, Inc.

NOTE 15 – INTERFUND TRANSACTIONS

Transfers

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General	\$402,000	\$234,709
Ambulance & EMS	0	402,000
Job and Family Services	90,903	113,483
Total Major funds	492,903	750,192
Total Non-major Funds	318,359	61,070
Total All Funds	\$811,262	\$811,262

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget and to provide resources for current operations. All transfers were done in accordance with the Ohio Revised Code. The Transfer in to the General fund was the result of a court order.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 15 – INTERFUND TRANSACTIONS (Continued)

Advances

	Advances In	Advances Out
<i>Major Fund:</i>		
General	\$ 25,000	\$ 15,000
<i>Non-major Special Revenue Funds:</i>		
Safe Communities	10,000	10,000
Impaired Driver Enforcement	0	5,000
STEP Sheriff	0	5,000
State Victim Assistance	5,000	5,000
Total Non-major Special Revenue Funds	15,000	25,000
Total All Funds	\$ 40,000	\$ 40,000

During the year, the County’s General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of advances.

NOTE 16 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, deferred inflows and outflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

NOTE 17 – ADAMS COUNTY REGIONAL MEDICAL CENTER (ACRMC)

The Medical Center’s net position increased \$1,141,434 in 2016 (the most recent information available), respectively. The Medical Center had operating income of \$1,981,376 in 2016 (the most recent information available).

These factors could be indicative of the Medical Center’s inability to continue as a going concern and the separately issued Medical Center’s audit opinion of December 31, 2016 (the most recent information available) reflected this going concern issue. Management is considering several alternatives for mitigating these conditions during the next year, including:

- Performing an overhaul of the Medical Center’s revenue cycle procedures and implementing a contract management review process
- Increasing volume through aggressive marketing, physician recruitment and relationship with affiliates.
- Continuing to reduce unnecessary expenditures and adhere to effective cost management
- Renegotiating terms of the current bond agreement

The Adams County Regional Medical Center’s financial statements can be obtained from the chief executive officer at 230 Medical Center Drive, Seaman, Ohio 45679.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 18 – FUND BALANCES

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

Fund Balances	General	Ambulance & EMS	Children Services Levy	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
Nonspendable									
Unclaimed Monies	\$36,390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,390
Restricted for									
Ambulance & EMS	0	666,008	0	0	0	0	0	0	666,008
Other Purposes	0	0	0	0	0	0	0	1,413,971	1,413,971
Motor Vehicle Gas Tax	0	0	0	0	1,098,431	0	0	0	1,098,431
ACBDD	0	0	0	1,198,652	0	0	0	0	1,198,652
Real Estate Assessment	0	0	0	0	0	0	1,392,409	0	1,392,409
Job and Family Services	0	0	0	0	0	860,361	0	0	860,361
Children Services Levy	0	0	738,638	0	0	0	0	0	738,638
Child Support Enforcement	0	0	0	0	0	0	0	822,539	822,539
Probation Services	0	0	0	0	0	0	0	198,208	198,208
Ohio Transportation Project	0	0	0	0	0	0	0	137,972	137,972
Capital Improvements	0	0	0	0	0	0	0	55,548	55,548
Debt Service	0	0	0	0	0	0	0	395,268	395,268
Total Restricted	0	666,008	738,638	1,198,652	1,098,431	860,361	1,392,409	3,023,506	8,978,005
Committed to									
Other Purposes	1,169,231	0	0	0	0	0	0	0	1,169,231
Assigned to									
FY18 Appropriations in excess of									
Estimated Receipts	643,951	0	0	0	0	0	0	0	643,951
Other Purposes	196,867	0	0	0	0	0	0	0	196,867
Total Assigned	840,818	0	0	0	0	0	0	0	840,818
Unassigned	554,779	0	0	0	0	0	0	0	554,779
Total Fund Balances	\$2,601,218	\$666,008	\$738,638	\$1,198,652	\$1,098,431	\$860,361	\$1,392,409	\$3,023,506	\$11,579,223

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 19 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The County has entered into contracts for the following projects as of December 31, 2017:

Project	Contract Amount	Amount Expended	Balance at 12/31/2017
ODoT Project	\$ 1,130,644	\$ 524,024	\$ 606,620
Old SR 32 Slip Project	1,885,846	-	1,885,846

Encumbrances

At December 31, 2017, the County had a significant encumbrance commitment in following governmental fund:

Fund	Amount
<i>Major Fund:</i>	
Public Assistance	\$403,390
<i>Nonmajor Fund:</i>	
Old SR 32	1,885,846
Bent Bridge Replacement	606,620
Total Encumbrances	<u>\$2,895,856</u>

NOTE 20 – NEW ACCOUNTING PRINCIPLES

For fiscal year 2017, the County has implemented GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, GASB Statement No. 80, “Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 and GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the County.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as no-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the County.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payment made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the County.

NOTE 21 – SUBSEQUENT EVENT

Venture Productions, Inc.

As of January 1, 2018, Venture Productions Inc., will no longer be affiliated with the Adams County Board of Developmentally Disabled, and therefore, will not be presented as a component unit of the County.

DP&L Stuart & Killen Station Closures

The closures of both DP&L Stuart and Killen Station coal-fired power plants in June 2018 will result in a loss of taxable value of \$202,000,000. The estimated loss of personal property tax revenue because of the closure is \$1,000,000. The Adams County Commissioners conducted several budgetary meetings in 2017 to address the impending loss of revenue. Because of those meetings, a reduction of 5.8% for County General appropriations was implemented at the beginning of 2018. The Adams County Commissioners plan to have future budgetary meetings with the Adams County Auditor to monitor revenues and expenditures. Budgetary sessions will then be conducted with all County General Departments to prepare for fiscal year 2019.

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Adams County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2017

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Dept. Job & Family Services</i>				
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-1617-11-5476/G-1819-11-5703	10.561		302,815
Total Supplemental Nutrition Assistance Program Cluster				<u>302,815</u>
Total U.S. Department of Agriculture				<u>302,815</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667		24,429
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Social Services Block Grant	G-1617-11-5476/G-1819-11-5703	93.667	378,438	446,533
Total Social Services Block Grant			<u>378,438</u>	<u>470,962</u>
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Medicaid Administration Claiming	N/A	93.778		80,698
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Medical Assistance Program	G-1617-11-5476/G-1819-11-5703	93.778		1,097,366
Total Medicaid Cluster				<u>1,178,064</u>
<i>Passed Through Ohio Department of Health:</i>				
Promoting Safe & Stable Families	N/A	93.556		15,160
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Promoting Safe & Stable Families	G-1617-11-5477/G-1819-11-5704	93.556		10,630
Total Promoting Safe & Stable Families				<u>25,790</u>
Temporary Assistance for Needy Families	G-1617-11-5476/G-1819-11-5703	93.558	190,535	1,258,958
Total TANF Cluster			<u>190,535</u>	<u>1,258,958</u>
Child Care & Development Block Grant	G-1617-11-5476/G-1819-11-5703	93.575		37,016
Total CCDF Cluster				<u>37,016</u>
Child Support Enforcement	G-1617-11-5476/G-1819-11-5703	93.563		618,372
Stephanie Tubbs Jones Child Welfare Services Program	G-1819-11-5704	93.645		50,950
Foster Care - Maintenance	G-1617-11-5477/G-1819-11-5704	93.658		724,221
Adoption Assistance - Administration	G-1617-11-5477/G-1819-11-5704	93.659		211,637
Family Centered Services and Supports	N/A	93.645		1,874
Chafee Foster Care Independence Program	G-1617-11-5477/G-1819-11-5704	93.674		5,340
Children's Health Insurance Program	G-1617-11-5476	93.767		4,363
<i>Passed Through ADAMHS Board:</i>				
Block Grants for Community Mental Health Services	N/A	93.958		12,185
Total U.S. Department of Health and Human Services			<u>568,973</u>	<u>4,599,732</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grant	EMC-2016-EP-00003-S01	97.042		19,532
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency:</i>				
Disaster Grants - Public Assistance	FEMA-4002	97.036		35,631
Total U.S. Department of Homeland Security				<u>55,163</u>

(continued)

Adams County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2017

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Development Services Agency:</i>				
Community Development Block Grant	B-F-16-1AA-1	14.228		357,535
Community Development Block Grant	B-C-15-1AA-1	14.228		168,951
Total Community Development Block Grant				<u>526,486</u>
Home Investment Partnerships Program	B-C-15-1AA-2	14.239		<u>121,298</u>
Total U.S. Department of Housing and Urban Development				<u>647,784</u>
<u>U.S. DEPARTMENT OF APPALACHIAN REGIONAL COMMISSION</u>				
<i>Passed Through Ohio Department of Development:</i>				
Appalachian Area Development	N/A	23.002		87,793
Appalachian Research, Technical Assistance, and Demonstration Projects	B-P-16-1AA-2	23.011		58,616
Appalachian Research, Technical Assistance, and Demonstration Projects	B-P-16-1AA-1	23.011		115,000
Total				<u>173,616</u>
Total U.S. Department of Appalachian Regional Commission				<u>261,409</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Health:</i>				
Help Me Grow (Part C)	01-1-002-1-HG-0716 and 0817	84.181A		<u>124,214</u>
Total U.S. Department of Education				<u>124,214</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services:</i>				
State and Community Highway Safety	SC-2017-1-00-00-00470-00	20.600		19,282
Selective Traffic Enforcement Program	STEP-2017-1-00-00-00476-00	20.600		9,844
Total Community and Highway Safety				<u>29,126</u>
Impaired Driver Enforcement Program	IDEP-2017-1-00-00-00384-00	20.616		<u>9,668</u>
Total National Priority Safety Programs				<u>9,668</u>
Total Highway Safety Cluster				<u>38,794</u>
Total U.S. Department of Transportation				<u>38,794</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	2015-JG-D01-6875	16.738		2,301
Total Edward Byrne Memorial Justice Assist. Grants Cluster				<u>2,301</u>
<i>Passed Through Ohio Attorney General:</i>				
Crime Victim Assistance	2015-VA-GX-0059	16.575		<u>-</u>
Total U.S. Department of Justice				<u>2,301</u>
GRAND TOTAL				<u>\$ 568,973</u> <u>\$ 6,032,212</u>

N/A - Pass-through entity number was not provided
The accompanying notes to this schedule are an integral part of this schedule.

Adams County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 – SUBRECIPIENTS

The County passes certain federal awards received from Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE 4 – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has complied with applicable matching requirements. The expenditure on non-federal matching funds is not included in the schedule.

NOTE 5 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. During 2017, administrative were costs incurred, while no loans were made. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. These loans are collateralized by mortgages on the property.

Adams County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2017

NOTE 6 – TRANSFER BETWEEN FEDERAL PROGRAMS

During 2017, the County made allowable transfers of \$348,438 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2017 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,526,502
Social Services Block Grant	<u>(348,438)</u>
Total Temporary Assistance for Needy Families	<u>\$1,178,064</u>

NOTE 7 – BOARD OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County Board of Developmental Disabilities received a settlement payment for the 2012 and 2013 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$1,463.23 and \$1,089.71, respectively. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Federal Awards Expenditures since the underlying expenses occurred in the prior reporting periods.

During the calendar year, the County Board of Developmental Disabilities received a payment from and a notice of liability owed to the Ohio Department of Developmental Disabilities for a MAC Reconciliation of calendar year 2017 from the Ohio Department of Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$406.73 and \$892.73, respectively. The MAC Reconciliation payment and liability was to correct errors of salary amounts provided by the County Board of Developmental Disabilities and subsequently input by the Ohio Department of Developmental Disabilities into the RMTS system for calculation of MAC payments. This revenue/liability is not listed on the County's Schedule of Federal Awards Expenditures since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.



Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Adams County, (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 10, 2018, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We gave an adverse opinion on business type activities and related major enterprise fund because the County's cash basis financial statements do not include amounts related to Adams County Hospital.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and / or corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

September 10, 2018



Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Report on Compliance for each Major Federal Program

We have audited Adams County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Adams County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

September 10, 2018

ADAMS COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Business-Type Activities and Enterprise Fund – Adams County Hospital - Adverse All Others - Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	93.558 TANF 93.563 Child Support Enforcement 93.778 Medicaid Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code, Section 117.38, provides, in part, that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of the Ohio Revised Code 117.38.

**FINDING NUMBER 2017-001
(Continued)**

Ohio Admin. Code Section 117-2-03(B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles.

The County did not prepare its annual financial report in accordance with generally accepted accounting principles as follows:

- The County prepared its financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while presumably material, cannot be reasonably determined at this time.

The County can be fined and various other administrative remedies may be taken against the County. We recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the County will continue on the OCBOA basis of financial reporting.

FINDING NUMBER 2017-002

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Governmental Accounting Standards Board Codification (GASB) Section 2100 requires the County to report its County-owned Hospital (Adams County Regional Medical Center) in the annual financial report as a major enterprise fund and as a business type activity in the entity-wide statements.

Management has not included the Adams County Regional Medical Center financial statements in the Adams County annual financial report, and we have therefore modified our opinion. We cannot reasonably determine the amount by which this departure would affect the assets, liabilities, net position, cash receipts and disbursements of the business type activities and the omitted major fund.

We recommend the County include the Adams County Regional Medical Center financial statements in the Adams County annual financial report.

Officials' Response:

Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the County will continue on the OCBOA basis of financial reporting.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



BOARD OF COUNTY COMMISSIONERS

BRIAN BALDRIDGE DIANE WARD TY PELL

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

Finding Number	Finding Summary	Status	Additional Information
2016-001	The County did not prepare its annual financial report in accordance with generally accepted accounting Principles.	Not Corrected	Reissued as 2017-001
2016-002	Management has not included the Adams County Regional Medical Center financial statements in the Adams County annual financial report.	Not Corrected	Reissued as 2017-002
2016-003	The County did not have a control procedure in place to ensure that final appropriations, as authorized and approved by the County Commissioners, were reconciled to the final budget appropriations posted to the financial statements.	Corrected	
2016-004	The County did not have a system in place to identify and monitor the federal award expenditures. The procedures utilized to prepare the County's Schedule of Federal Awards Expenditures were inadequate and the County's Schedule of Federal Awards Expenditures presented for audit did not accurately list all federal expenditures expended by the County.	Corrected	

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 SUITE 102
 WEST UNION, OHIO 45693
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BOARD OF COUNTY COMMISSIONERS

BRIAN BALDRIDGE DIANE WARD TY PELL

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.		David Gifford
2017-002	Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.		David Gifford

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Dave Yost • Auditor of State

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 20, 2018