PIKE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

PIKE COUNTY

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Pike County
230 Waverly Plaza
Waverly, Ohio 45690

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pike County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pike County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Board of Development Disabilities and Job and Family Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

April 13, 2020

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The discussion and analysis of Pike County's financial performance provides an overall view of the County's financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review notes to the basic financial statements, and the financial statements themselves, to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The County's net position decreased $6,947,072, as a result of this year's operations. Net position of our business-type activities decreased $618,669, and net position of our governmental activities decreased $6,328,403.
- General revenues for governmental activities accounted for $12,879,757 in revenue or 41.33 percent of all revenues. Program specific revenues for governmental activities in the form of charges for services and sales, grants and contributions accounted for $18,283,847 or 58.67 percent of total revenues of $31,163,604.
- The County had $37,492,007 in expenses related to governmental activities; $18,283,847 of these expenses was offset by program specific charges for services and sales, grants and contributions.

Using this Annual Financial Report

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

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

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it informs the reader whether, for the County as a whole, the financial position of the County is as strong as it once was. This is the result of many factors, some the County can control and some of which it cannot. Non-controllable financial factors include rising insurance costs, Workers Compensation costs, declining consumption based tax revenues due to the state and federal economic downturn, low rates of return on investments, revenue cuts and the restriction of revenue growth due to the political culture at the, state and national levels. In addition, unfunded mandated programs are still problematic in all counties as are many other specific causative factors in which local government has little control over.

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

- Governmental Activities - Most of the County's programs and services are reported here including public safety, public works, health, human services, conservation and recreation, economic development and assistance, legislative and executive, and judicial.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Pike County Sewer Fund is reported as a business-type activity.

Reporting the County's Most Significant Funds

Fund Financial Statements

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 major governmental funds are the General Fund, Motor Vehicle and Gas Tax Fund, Board of Developmental Disabilities Fund, and the Job and Family Services 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term 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 financial resources that can be spent in the near future to finance County operations. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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

The County as a Whole

Recall that the Statement of Net Position provides the perspective of the County as a whole.

Government-Wide Financial Analysis

You may recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2018 compared to 2017:

Table 1

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets:						
Current and Other Assets	$32,527,271	$32,880,717	$631,694	$525,561	$33,158,965	$33,406,278
Capital Assets, Net	35,654,065	38,041,153	7,343,122	7,550,512	42,997,187	45,591,665
Total Assets	68,181,336	70,921,870	7,974,816	8,076,073	76,156,152	78,997,943
Deferred Outflows of Resources	5,341,445	7,993,956	70,125	111,151	5,411,570	8,105,107
Liabilities:						
Current and Other Liabilities	1,513,407	1,424,182	871,012	402,480	2,384,419	1,826,662
Long-Term Liabilities:						
Due within One Year	1,683,179	1,349,649	18,782	18,884	1,701,961	1,368,533
Due in More Than One Year:						
Net Pension Liability	14,199,769	18,920,713	173,095	222,908	14,372,864	19,143,621
Net OPEB Liability	9,052,930	7,893,865	113,374	94,883	9,166,304	7,988,748
Other Amounts	8,700,854	8,838,356	243,799	252,154	8,944,653	9,090,510
Total Liabilities	35,150,139	38,426,765	1,420,062	991,309	36,570,201	39,418,074
Deferred Inflows of Resources	7,555,771	3,343,787	49,018	1,385	7,604,789	3,345,172
Net Position:						
Net Investments in Capital Assets	26,525,333	29,045,585	7,097,624	7,297,611	33,622,957	36,343,196
Restricted	18,387,861	18,994,560	0	0	18,387,861	18,994,560
Unrestricted	(14,096,323)	(10,894,871)	(521,763)	(103,081)	(14,618,086)	(10,997,952)
Total Net Position	$30,816,871	$37,145,274	$6,575,861	$7,194,530	$37,392,732	$44,339,804

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the County adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2017, from $44,928,631 to $37,145,274 for governmental activities and from $7,408,066 to $7,194,530 for business-type activities.

For governmental activities, the decrease in current and other assets is primarily due to decreases in cash and cash equivalents, intergovernmental receivable, and loans receivable and the increase in capital assets is primarily a result of acquisitions exceeding depreciation. Current and other liabilities for governmental activities increased $89,225 as a result of an increase in accounts payable and contracts payable. Long-term liabilities in the governmental activities decreased due to a decrease in the calculation of net liability.

Business-type activities in 2018 had increases in cash and cash equivalents. Current and other liabilities of business-type activities increased due to an increase in accounts payable. Long-term liabilities in the business-type activities decreased due to a decrease in the calculation for net pension liability.

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

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	$3,734,466	$4,207,591	$620,276	$604,702	$4,354,742	$4,812,293
Operating Grants & Contributions	13,499,417	13,424,193	217	1,993	13,499,634	13,426,186
Capital Grants & Contributions	1,049,964	997,569	0	0	1,049,964	997,569
Total Program Revenues	18,283,847	18,629,353	620,493	606,695	18,904,340	19,236,048
General Revenues:						
Property and Sales Taxes	8,557,805	8,914,060	0	0	8,557,805	8,914,060
Grants and Entitlements	2,411,252	2,070,665	0	0	2,411,252	2,070,665
Unrestricted Investment Earnings	279,599	258,653	0	0	279,599	258,653
Other	1,631,101	1,476,250	6,007	2,417	1,637,108	1,478,667
Total General Revenues	12,879,757	12,719,628	6,007	2,417	12,885,764	12,722,045
Total Revenues	31,163,604	31,348,981	626,500	609,112	31,790,104	31,958,093

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Expenses:						
General Government:						
Legislative & Executive	6,379,960	7,217,351	0	0	6,379,960	7,217,351
Judicial	2,023,528	2,183,129	0	0	2,023,528	2,183,129
Public Safety	7,430,644	7,956,787	0	0	7,430,644	7,956,787
Public Works	9,069,157	2,575,413	0	0	9,069,157	2,575,413
Health	4,067,135	5,574,579	0	0	4,067,135	5,574,579
Human Services	7,597,971	7,333,767	0	0	7,597,971	7,333,767
Conservation and Recreation	50,240	41,455	0	0	50,240	41,455
Economic Development and Assistance	721,402	968,018	0	0	721,402	968,018
Interest and Fiscal Charges	151,970	162,112	0	0	151,970	162,112
Pike County Sewer Fund	0	0	1,245,169	1,264,754	1,245,169	1,264,754
Total Program Expenses	37,492,007	34,012,611	1,245,169	1,264,754	38,737,176	35,277,365
Changes in Net Position	(6,328,403)	(2,663,630)	(618,669)	(655,642)	(6,947,072)	(3,319,272)
Net Position at January 1, Restated	37,145,274	N/A	7,194,530	N/A	44,339,804	N/A
Net Position at December 31	$30,816,871	$37,145,274	$6,575,861	$7,194,530	$37,392,732	$44,339,804

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $121,959 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $905,477. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities	Total
Total 2018 program expenses under GASB 75	$34,977,109	$1,245,169	$36,222,278
OPEB expense under GASB 75	(892,610)	(12,867)	(905,477)
2018 contractually required contribution	0	0	0
Adjusted 2018 program expenses	34,084,499	1,232,302	35,316,801
Total 2017 program expenses under GASB 45	34,012,611	1,264,754	35,277,365
Increase (Decrease) in program expenses not related to OPEB	$71,888	($32,452)	$39,436

The increase in capital grants and contributions is due to an increase in capital grants received in the Issue II programs. The increase in public works expenses is primarily due to an increase of work performed for road and bridge improvements. The decrease in Public Safety is due to decreased services being provided in the Youth Services Subsidy, Emergency Medical Services, and Federal Highway Administration programs. The decrease in economic development and assistance is directly related to a decrease in operating grants in the Community Development program.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General Government - Legislative and Executive	$6,379,960	$7,217,351	$4,914,595	$5,941,648
General Government - Judicial	2,023,528	2,183,129	1,434,711	1,428,445
Public Safety	7,430,644	7,956,787	6,356,573	6,636,017
Public Works	9,069,157	2,575,413	3,680,065	(2,357,865)
Health	4,067,135	5,574,579	860,003	1,520,945
Human Services	7,597,971	7,333,767	1,394,736	1,948,340
Conservation and Recreation	50,240	41,455	50,240	41,455
Economic Development and Assistance	721,402	968,018	365,267	62,161
Interest and Fiscal Charges	151,970	162,112	151,970	162,112
Total Expenses	$37,492,007	$34,012,611	$19,208,160	$15,383,258

The County is dependent upon tax revenues for the funding of governmental activities. The majority of public safety, conservation and recreation, and general government expenses are supported through taxes and other general revenues. For all governmental activities, tax revenue generated by the community is by far the primary support for the County.

Business-Type Activities

Business-type activities include the Pike County Sewer Fund. This program had total revenues of $642,194 and expenses of $1,147,128 for the year 2018. As previously discussed, management reviews the operations and fees and sets the user fee structure. Business-type activities generally receive no support from tax revenues.

The County's Funds

Information about the County's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $32,881,430 and expenditures and other financing uses of $33,693,012. The net change in fund balance for the year was most significant in the General Fund. The fund balance decreased $853,351 as a result of an increase in expenditures.

The Board of Developmental Disabilities Fund had a decrease of $153,725 due to decreases in grant revenues. The Motor Vehicle and Gas Tax had a decrease in fund balance in the amount of $263,846 primarily due to an increase in expenditures. The Job and Family Services Fund had an increase of $475,681 in grant revenues.

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.

During the course of the year 2018 the County amended its General Fund budget numerous times. The County uses department based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, original budget basis revenues were $8,280,926, which had a change of $150,000 to the final budget of $8,430,926. Based upon a downward spiraling national and state economy, the County was pleased that actual revenue exceeded estimates for the calendar year. The increase in actual revenues is due mainly to an increase in taxes and other revenues. Original budget basis expenditures were $10,209,189, which was below final budget estimates of $12,026,842, due mainly to increases in legislative and executive and public safety expenditures. Actual expenditures were monitored closely and resulted in lower than expected spending primarily for general government expenditures.

The County's 2018 ending unobligated General Fund cash balance was $1,418,145 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2018 the County had $45,637,417 invested in land, construction in progress, furniture and fixtures, buildings and improvements, machinery and equipment, vehicles and infrastructure, of which $38,294,295 was in governmental activities. Table 4 shows 2018 as compared to 2017 balances.

Table 4
Capital Assets at December 31

	Governmental Actvities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$1,679,472	$1,660,163	$7,000	$7,000	$1,686,472	$1,667,163
Construction in Progress	544,069	2,434,502	557,377	459,336	1,101,446	2,893,838
Furniture and Fixtures	46,789	48,236	0	0	46,789	48,236
Buildings and Improvements	6,301,741	6,585,480	219,357	227,043	6,521,098	6,812,523
Machinery and Equipment	551,755	478,425	12,076	14,760	563,831	493,185
Vehicles	1,016,428	897,713	26,980	0	1,043,408	897,713
Infrastructure	25,513,811	25,936,634	6,618,373	6,842,373	32,132,184	32,779,007
Total Capital Assets	$35,654,065	$38,041,153	$7,441,163	$7,550,512	$43,095,228	$45,591,665

See Note 12 to the basic financial statements for more information on the County's capital assets.

Debt

As of December 31, 2018 the County had $9,297,037 in bonds and loans outstanding, with $637,756 of this long term debt due within one year. See Notes 17 and 18 for more information regarding the County's debt. Table 5 summarizes long-term bonds and loans outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Actvities		Business-Type Activities	
	2018	2017	2018	2017
General Obligation Bonds	$1,124,600	$1,249,800	$0	$0
Revenue Bonds	2,118,400	2,253,700	0	0
OWDA Loans	7,875	10,125	245,498	252,901
USDA Loans	674,100	281,800	0	0
OPWC Loans	5,126,564	5,065,955	0	0
Total Debt Outstanding	$9,051,539	$8,861,380	$245,498	$252,901

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000.

The County's legal debt margin as of December 31, 2018 is $11,218,259.

For the Future

The County is continuing to monitor its finances closely due to the tightening of finances that Pike County and most other counties of comparable size have experienced for the past several years. The County heavily depends on its sales tax revenue in the budgeting process. The cash position of Pike County's General Fund has decreased over the past three years and the trend is expected to continue. Concern exists for all Pike County Departments whose primary revenue sources are generated from consumption based taxes due to the current state of the economy being experienced not only in Pike County, but throughout the United States.

In conclusion, the County has committed itself to fiscal responsibility and conservative financial management for many years. In addition, the County's systems of budgeting and internal controls are well regarded. All of the County's financial abilities and resources will be needed to meet the challenges of the future as all subdivisions of local government are entrenched in the battle of increasing general operating costs, decreasing revenues and the likelihood of sweeping tax law changes.

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 finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information contact Kayla Slusher, County Auditor, 230 Waverly Plaza, Suite 200, Waverly, Ohio 45690, or e-mail at kayla.slusher@pikecountyoh.gov or telephone at (740) 947-4125.

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	$19,025,092	$570,224	$19,595,316
Cash and Cash Equivalents:			
in Segregated Accounts	26,882	0	26,882
with Fiscal Agents	734,869	0	734,869
Materials and Supplies	359,104	0	359,104
Receivables:			
Property Taxes	4,918,313	0	4,918,313
Sales Tax	725,577	0	725,577
Interest	14,194	0	14,194
Accounts	34,762	58,761	93,523
Intergovernmental	5,685,616	0	5,685,616
Prepaid Items	163,152	2,709	165,861
Loans Receivable (Net of Allowance)	812,073	0	812,073
Net Pension Asset	27,637	0	27,637
Nondepreciable Capital Assets	2,223,541	7,000	2,230,541
Depreciable Capital Assets, net of depreciation	33,430,524	7,336,122	40,766,646
Total Assets	68,181,336	7,974,816	76,156,152
Deferred Outflows of Resources			
Pension	4,262,158	54,653	4,316,811
OPEB	1,079,287	15,472	1,094,759
Total Deferred Outflows of Resources	5,341,445	70,125	5,411,570
Liabilities:			
Accounts Payable	383,420	843,837	1,227,257
Accrued Wages and Benefits	271,944	5,024	276,968
Contracts Payable	345,337	15,930	361,267
Intergovernmental Payable	280,057	6,221	286,278
Claims Payable	36,914	0	36,914
Accrued Interest Payable	54,385	0	54,385
Notes Payable	141,350	0	141,350
Long-Term Liabilities:			
Due Within One Year	1,683,179	18,782	1,701,961
Due In More Than One Year:			
Net Pension Liability	14,199,769	173,095	14,372,864
Net OPEB Liability	9,052,930	113,374	9,166,304
Other Amounts Due In More Than One Year	8,700,854	243,799	8,944,653
Total Liabilities	35,150,139	1,420,062	36,570,201
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	3,487,946	0	3,487,946
Pension	3,337,864	40,572	3,378,436
OPEB	729,961	8,446	738,407
Total Deferred Inflows of Resources	7,555,771	49,018	7,604,789
Net Position:			
Net Investment in Capital Assets	26,525,333	7,097,624	33,622,957
Restricted for:			
Capital Outlay	1,057,124	0	1,057,124
Other Purposes	17,330,737	0	17,330,737
Unrestricted	(14,096,323)	(521,763)	(14,618,086)
Total Net Position	$30,816,871	$6,575,861	$37,392,732

See accompanying notes to the basic financial statements

Pike County, Ohio

Statement of Activities

For the Year Ended December 31, 2018

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General Government:				
Legislative and Executive	$6,379,960	$1,327,346	$138,019	$0
Judicial	2,023,528	450,945	137,872	0
Public Safety	7,430,644	880,471	193,600	0
Public Works	9,069,157	218,937	4,120,191	1,049,964
Health	4,067,135	663,324	2,543,808	0
Human Services	7,597,971	119,685	6,083,550	0
Conservation and Recreation	50,240	0	0	0
Economic Development and Assistance	721,402	73,758	282,377	0
Interest and Fiscal Charges	151,970	0	0	0
Total Governmental Activities	37,492,007	3,734,466	13,499,417	1,049,964
Business-Type Activities:				
Pike County Sewer Fund	1,245,169	620,276	217	0
Total Business-Type Activities	1,245,169	620,276	217	0
Total Primary Government	$38,737,176	$4,354,742	$13,499,634	$1,049,964

General Revenues:

Property Taxes Levied for:

General Purposes

Public Safety

Health

Human Services

Sales Tax

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Other

Total General Revenues

Changes in Net Position

Net Position at Beginning of Year, As Restated

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
($4,914,595)	$0	($4,914,595)
(1,434,711)	0	(1,434,711)
(6,356,573)	0	(6,356,573)
(3,680,065)	0	(3,680,065)
(860,003)	0	(860,003)
(1,394,736)	0	(1,394,736)
(50,240)	0	(50,240)
(365,267)	0	(365,267)
(151,970)	0	(151,970)
(19,208,160)	0	(19,208,160)
0	(624,676)	(624,676)
0	(624,676)	(624,676)
(19,208,160)	(624,676)	(19,832,836)
2,445,531	0	2,445,531
264,329	0	264,329
863,038	0	863,038
433,249	0	433,249
4,551,658	0	4,551,658
2,411,252	0	2,411,252
279,599	0	279,599
1,631,101	6,007	1,637,108
12,879,757	6,007	12,885,764
(6,328,403)	(618,669)	(6,947,072)
37,145,274	7,194,530	44,339,804
$30,816,871	$6,575,861	$37,392,732

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

	General	Motor Vehicle and Gas Tax	Board of Developmental Disabilities
Assets:			
Equity in Pooled Cash and Investments	$5,928,711	$2,238,538	$4,322,213
Cash and Cash Equivalents In Segregated Accounts	0	0	0
Cash and Cash Equivalents With Fiscal Agents	0	0	5,247
Receivables:			
Property Taxes	2,497,577	0	1,140,961
Sales Tax	725,577	0	0
Interest	12,828	1,265	0
Accounts	19,133	0	0
Intergovernmental	395,010	1,831,215	875,146
Materials and Supplies Inventory	4,780	352,674	0
Prepaid Items	48,834	54	26,162
Loans Receivable (Net of Allowance)	0	0	0
Total Assets	$9,632,450	$4,423,746	$6,369,729
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts Payable	$59,524	$95,731	$4,824
Accrued Wages and Benefits	71,338	0	47,739
Contracts Payable	0	2,679	27,135
Intergovernmental Payable	87,260	507	90,297
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
Total Liabilities	218,122	98,917	169,995
Deferred Inflows of Resources:			
Property Taxes not Levied to Finance Current Year Operations	1,755,153		823,398
Unavailable Revenue	935,504	1,248,912	821,929
Total Deferred Inflows of Resources	2,690,657	1,248,912	1,645,327
Fund Balances:			
Nonspendable	364,057	352,728	26,162
Restricted	0	2,723,189	4,528,245
Assigned	2,882,524	0	0
Unassigned	3,477,090	0	0
Total Fund Balances (Deficit)	6,723,671	3,075,917	4,554,407
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$9,632,450	$4,423,746	$6,369,729

See accompanying notes to the basic financial statements

Job and Family Services	Other Governmental Funds	Total Governmental Funds
$83,464	$6,452,166	$19,025,092
0	26,882	26,882
0	0	5,247
0	1,279,775	4,918,313
0	0	725,577
0	101	14,194
0	15,629	34,762
507,332	2,076,913	5,685,616
0	1,650	359,104
25,821	62,281	163,152
0	812,073	812,073
$616,617	$10,727,470	$31,770,012
$53,973	$169,368	$383,420
45,910	106,957	271,944
0	315,523	345,337
36,781	65,212	280,057
0	2,548	2,548
0	141,350	141,350
136,664	800,958	1,424,656
0	909,395	3,487,946
0	1,593,782	4,600,127
0	2,503,177	8,088,073
25,821	63,931	832,699
454,132	7,486,484	15,192,050
0	0	2,882,524
0	(127,080)	3,350,010
479,953	7,423,335	22,257,283
$616,617	$10,727,470	$31,770,012

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

Total Governmental Funds Balances		$22,257,283
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		35,654,065
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,243,088	
Intergovernmental	3,357,039	
Total		4,600,127
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		692,708
Long-term liabilities, including bonds, loans, capital lease obligations, and long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Capital Leases Payable	(81,590)	
Compensated Absences	(1,250,905)	
Interest Payable	(51,837)	
Revenue Bonds	(2,118,400)	
USDA Loans Payable	(274,100)	
General Obligation Bonds	(1,124,600)	
USDA Bonds	(400,000)	
OWDA Loan Payable	(7,875)	
OPWC Loans Payable	(5,126,563)	
Total		(10,435,870)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	4,262,158	
Deferred Outflows - OPEB	1,079,287	
Deferred Inflows - Pension	(3,337,864)	
Deferred Inflows - OPEB	(729,961)	
Net OPEB Asset	27,637	
Net Pension Liability	(14,199,769)	
Net OPEB Liability	(9,052,930)	
Total		(21,951,442)
Net Position of Governmental Activities		$30,816,871

See accompanying notes to the basic financial statements

Pike County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Motor Vehicle and Gas Tax	Board of Developmental Disabilities
Revenues:			
Taxes	$6,583,667	$0	$837,732
Intergovernmental	2,342,499	3,584,709	2,023,280
Interest	278,630	868	0
Charges for Services	1,010,881	203,986	627,597
Fees, License and Permits	5,055	0	0
Fines and Forfeitures	179,984	14,951	0
Other	672,870	351,143	21,431
Total Revenues	11,073,586	4,155,657	3,510,040
Expenditures:			
Current:			
General Government:			
Legislative and Executive	4,686,461	0	0
Judicial	1,483,455	0	0
Public Safety	4,873,444	0	0
Public Works	169,644	4,258,060	0
Health	0	0	3,627,719
Human Services	270,638	0	0
Conservation and Recreation	50,240	0	0
Economic Development and Assistance	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	55,645	161,443	12,567
Interest and Fiscal Charges	2,696	0	0
Total Expenditures	11,592,223	4,419,503	3,640,286
Excess of Revenues Over (Under) Expenditures	(518,637)	(263,846)	(130,246)
Other Financing Sources (Uses):			
Proceeds of Loans	0	0	0
OPWC Loans Issued	0	0	0
General Obligation Bonds Issued	0	0	0
Inception of Capital Lease	29,291	0	0
Transfers In	0	0	0
Transfers Out	(364,005)	0	(23,479)
Total Other Financing Sources (Uses)	(334,714)	0	(23,479)
Net Change in Fund Balances	(853,351)	(263,846)	(153,725)
Fund Balances at Beginning of Year	7,577,022	3,339,763	4,708,132
Fund Balances at End of Year	$6,723,671	$3,075,917	$4,554,407

See accompanying notes to the basic financial statements

Job and Family Services	All Other Governmental Funds	Total Governmental Funds
$0	$978,572	$8,399,971
4,010,383	5,013,715	16,974,586
0	101	279,599
0	1,885,475	3,727,939
0	115	5,170
0	154,281	349,216
229,475	356,182	1,631,101
4,239,858	8,388,441	31,367,582
0	1,049,969	5,736,430
0	286,824	1,770,279
0	1,603,260	6,476,704
0	85,026	4,512,730
0	559,119	4,186,838
3,815,324	2,744,273	6,830,235
0	0	50,240
0	718,569	718,569
0	1,883,456	1,883,456
9,169	443,006	681,830
0	153,057	155,753
3,824,493	9,526,559	33,003,064
415,365	(1,138,118)	(1,635,482)
0	258,109	258,109
0	136,500	136,500
0	400,000	400,000
0	0	29,291
103,085	586,863	689,948
(42,769)	(259,695)	(689,948)
60,316	1,121,777	823,900
475,681	(16,341)	(811,582)
4,272	7,439,676	23,068,865
$479,953	$7,423,335	$22,257,283

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Pike County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds		($811,582)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Asset Additions	1,539,527	
Current Year Depreciation	(2,513,093)	
Total		(973,566)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(1,413,521)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	160,969	
Intergovernmental	(364,947)	
Total		(203,978)
Proceeds from the issuance of long term notes, bonds and loans in the Statement of Revenues, Expenditures and Changes in Fund Balances that are not reported as revenues in the Statement of Activities.		(394,609)
Repayment of loan and bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		604,449
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		77,381
Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Position are not reported as revenues in the Statement of Activities		
Inception of Capital Leases	(29,291)	
Proceeds from Sale of Bonds	(400,000)	
Total		(429,291)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in Compensated Absences	(53,960)	
Decrease in Interest Payable	3,783	
Total		(50,177)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,556,212
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		(4,517,627)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		227,906
Net Change in Net Position of Governmental Activities		($6,328,403)

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$6,210,000	$6,135,000	$6,609,077	$474,077
Charges for Services	565,450	752,351	733,193	(19,158)
Fees, Licenses and Permits	4,100	4,275	5,055	780
Fines and Forfeitures	209,500	184,500	179,984	(4,516)
Intergovernmental	900,000	975,000	1,019,460	44,460
Interest	150,000	150,000	265,802	115,802
Other	241,876	229,800	531,345	301,545
Total Revenues	8,280,926	8,430,926	9,343,916	912,990
Expenditures:				
Current:				
General Government:				
Legislative and Executive	4,481,095	4,814,877	4,531,263	283,614
Judicial	1,450,490	1,529,926	1,485,701	44,225
Public Safety	3,854,246	5,207,373	5,089,049	118,324
Public Works	167,774	167,774	159,250	8,524
Human Services	228,000	249,748	245,647	4,101
Conservation and Recreation	27,584	57,144	53,047	4,097
Total Expenditures	10,209,189	12,026,842	11,563,957	462,885
Excess of Revenues Over (Under) Expenditures	(1,928,263)	(3,595,916)	(2,220,041)	1,375,875
Other Financing Sources(Uses):				
Advances In	0	0	109,324	109,324
Transfers Out	(103,094)	(364,014)	(364,005)	9
Advances Out	0	0	(67,063)	(67,063)
Total Other Financing Sources(Uses)	(103,094)	(364,014)	(321,744)	42,270
Net Change in Fund Balance	(2,031,357)	(3,959,930)	(2,541,785)	1,418,145
Fund Balance at Beginning of Year	5,176,150	5,176,150	5,176,150	0
Prior Year Encumbrances Appropriated	6,700	6,700	6,700	0
Fund Balance at End of Year	$3,151,493	$1,222,920	$2,641,065	$1,418,145

See accompanying notes to the basic financial statements

Pike County, Ohio

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gas Tax Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for Services	$0	$160,844	$203,986	$43,142
Fines and Forfeitures	15,000	15,000	14,951	(49)
Intergovernmental	3,400,000	3,400,000	3,660,106	260,106
Other	220,000	384,995	351,143	(33,852)
Total Revenues	3,635,000	3,960,839	4,230,186	269,347
Expenditures:				
Current:				
Public Works	5,135,000	5,990,939	4,300,917	1,690,022
Debt Service:				
Principal Retirements	350,000	350,000	161,443	188,557
Total Expenditures	5,485,000	6,340,939	4,462,360	1,878,579
Net Change in Fund Balance	(1,850,000)	(2,380,100)	(232,174)	2,147,926
Fund Balance at Beginning of Year	2,470,712	2,470,712	2,470,712	0
Fund Balance at End of Year	$620,712	$90,612	$2,238,538	$2,147,926

See accompanying notes to the basic financial statements

Pike County, Ohio

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$873,033	$873,033	$838,600	($34,433)
Charges for Services	480,120	480,120	627,597	147,477
Intergovernmental	1,831,314	1,831,314	1,891,478	60,164
Other	51,415	51,415	11,418	(39,997)
Total Revenues	3,235,882	3,235,882	3,369,093	133,211
Expenditures:				
Current:				
Health	4,041,789	4,041,789	3,424,826	616,963
Total Expenditures	4,041,789	4,041,789	3,424,826	616,963
Excess of Revenues Over (Under) Expenditures	(805,907)	(805,907)	(55,733)	750,174
Other Financing Sources:				
Advances In	0	0	20,000	20,000
Advances Out	(10,000)	(10,000)	(10,000)	0
Transfers Out	(50,483)	(50,483)	(23,479)	27,004
Total Other Financing Sources	(60,483)	(60,483)	(13,479)	47,004
Net Change in Fund Balance	(866,390)	(866,390)	(69,212)	797,178
Fund Balance Beginning of Year	4,391,425	4,391,425	4,391,425	0
Fund Balance End of Year	$3,525,035	$3,525,035	$4,322,213	$797,178

See accompanying notes to the basic financial statements

Pike County, Ohio

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$3,030,463	$3,680,463	$3,503,051	($177,412)
Other	206,741	206,741	229,475	22,734
Total Revenues	3,237,204	3,887,204	3,732,526	(154,678)
Expenditures:				
Current:				
Human Services	3,352,685	3,959,916	3,800,860	159,056
Total Expenditures	3,352,685	3,959,916	3,800,860	159,056
Excess of Revenues Over (Under) Expenditures	(115,481)	(72,712)	(68,334)	4,378
Other Financing Sources:				
Transfers In	102,229	102,229	103,085	856
Transfers Out	0	(42,769)	(42,769)	0
Total Other Financing Sources	102,229	59,460	60,316	856
Net Change in Fund Balance	(13,252)	(13,252)	(8,018)	5,234
Fund Balance at Beginning of Year	91,482	91,482	91,482	0
Fund Balance at End of Year	$78,230	$78,230	$83,464	$5,234

See accompanying notes to the basic financial statements

Pike County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities
	Pike County Sewer	Internal Service
Assets:		
Current Assets:		
Equity in Pooled Cash and Investments	$570,224	$0
Cash and Cash Equivalents with Fiscal Agents	0	729,622
Accounts Receivable	58,761	0
Prepaid Items	2,709	0
Total Current Assets	631,694	729,622
Noncurrent Assets:		
Nondepreciable Capital Assets	7,000	0
Depreciable Capital Assets, Net	7,336,122	0
Total Noncurrent Assets	7,343,122	0
Total Assets	7,974,816	729,622
Deferred Outflows of Resources		
Pension	54,653	0
OPEB	15,472	0
Total Deferred Outflows of Resources	70,125	0
Liabilities:		
Current Liabilities:		
Accounts Payable	$843,837	$0
Accrued Wages and Benefits	5,024	0
Contracts Payable	15,930	0
Intergovernmental Payable	6,221	0
Claims Payable	0	36,914
Compensated Absences Payable - Current Portion	10,337	0
OWDA Loans Payable - Current Portion	8,445	0
Total Current Liabilities	889,794	36,914
Noncurrent Liabilities		
Long-Term Liabilities:		
Long-Term Notes Payable	237,053	0
Compensated Absences Payable	6,746	0
Net Pension Liability	173,095	0
Net OPEB Liability	113,374	0
Total Noncurrent Liabilities	530,268	0
Total Liabilities	1,420,062	36,914
Deferred Inflows of Resources		
Pension	40,572	0
OPEB	8,446	0
Total Deferred Inflows of Resources	49,018	0
Net Position:		
Net Investment in Capital Assets	7,195,665	0
Unrestricted	(619,804)	692,708
Total Net Position	$6,575,861	$692,708

See accompanying notes to the basic financial statements

Pike County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities
	Pike County Sewer	Internal Service
Operating Revenues:		
Charges for Services	$620,276	$5,014,821
Other	6,007	0
Total Operating Revenues	626,283	5,014,821
Operating Expenses:		
Personal Services	133,745	0
Fringe Benefits	143,658	0
Contractual Services	645,740	4,462,324
Materials and Supplies	69,113	0
Claims	0	324,591
Depreciation	237,368	0
Other	11,185	0
Total Operating Expenses	1,240,809	4,786,915
Operating (Loss) Gain	(614,526)	227,906
Nonoperating Expenses:		
Intergovernmental	217	0
Interest and Fiscal Charges	(4,360)	0
Total Nonoperating Expenses	(4,143)	0
Change in Net Position	(618,669)	227,906
Net Position at Beginning of Year, as Restated	7,194,530	464,802
Net Position at End of Year	$6,575,861	$692,708

See accompanying notes to the basic financial statements

Pike County, Ohio

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities
	Pike County Sewer	Internal Service
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Customers	$617,994	$5,014,821
Cash Received from Others	6,007	0
Cash Payments to Suppliers for Goods and Services	(246,586)	(4,462,324)
Cash Payments to Employees for Services and Benefits	(223,564)	0
Cash Payments for Claims	0	(309,287)
Cash Payments for Other Expenses	(11,185)	0
Net Cash Used for Operating Activities	142,666	243,210
Cash Flows from Capital and Related Financing Activities:		
Proceeds from OWDA Loans	15,694	0
Receipts from Capital Grants	217	0
Payments for Capital Acquisition	(29,978)	0
Principal Payments	(7,403)	0
Interest Payments	(4,360)	0
Net Cash Provided by Capital and Related Financing Activities	(25,830)	0
Net Increase (Decrease) in Cash and Cash Equivalents	116,836	243,210
Cash and Cash Equivalents at Beginning of Year	453,388	486,412
Cash and Cash Equivalents at End of Year	$570,224	$729,622

See accompanying notes to the basic financial statements.

Pike County, Ohio

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018
(continued)

	Business-Type Activities Enterprise Fund	Governmental Activities
	Pike County Sewer	Internal Service
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating (Loss) Gain	($614,526)	$227,906
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	237,368	0
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(2,282)	0
Increase in Prepaid Items	(2,709)	
Decrease in Deferred Outflows	44,579	0
Increase in Accounts Payable	508,638	0
Decrease in Contracts Payable	(2,481)	0
Increase in Accrued Wages and Benefits	883	0
Decrease in Compensated Absences Payable	(1,054)	0
Increase in Claims Payable	0	15,304
Decrease in Intergovernmental Payable	(38,508)	0
Decrease in Deferred Inflows	(29,212)	0
Increase in Net Pension Liability	34,785	
Increase in Net OPEB Liability	7,185	0
Total Adjustments	757,192	15,304
Net Cash Used for Operating Activities	$142,666	$243,210

See accompanying notes to the basic financial statements

Pike County, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2018

	Agency
Assets:	
Equity in Pooled Cash and Investments	$1,747,215
Cash and Cash Equivalents in Segregated Accounts	394,316
Receivables:	
Taxes	27,932,011
Accounts	2,832
Intergovernmental	502,854
Total Assets	$30,579,228
Liabilities:	
Accounts Payable	$8,387
Contracts Payable	597
Intergovernmental Payable	28,614,414
Undistributed Monies	1,783,558
Deposits Held and Due To Others	172,272
Total Liabilities	$30,579,228

See accompanying notes to the basic financial statements

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION

Pike County, Ohio (the County), was created in 1815. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile Court Judge and a County Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Pike County, this includes the Pike County Board of Developmental Disabilities, Pike County Community Development, Emergency Medical Services, Emergency Management Agency, Pike County Planning Commission, Children Services Board, and departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations 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. The County has no blended or discretely presented component units.

The County is associated with certain organizations which are defined as Jointly Governed Organizations or Related Organizations. These organizations are presented in Notes 21 and 22 to the basic financial statements. These organizations are:

- Buckeye Joint-County Self-Insurance Council
- Paint Valley Mental Health Alcohol and Drug Addiction Board of Pike, Fayette, Highland, Pickaway, and Ross Counties
- Hocking Valley Community Residential Center
- South Central Regional Juvenile Detention Center
- Ohio Valley Resource Conservation and Development Area, Inc.
- Job Training Partnership Consortium
- Private Industry Council
- Southern Ohio Development Initiative
- Southern Ohio Council of Governments
- Garnet A. Wilson Library of Pike County
- Pike Metropolitan Housing Authority
- Pike Adult Activities Center /dba Canal Industries

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

The Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire its own staff, and do not rely on the County to approve operations.

Pike County Health District is governed by a five member Board of Health which oversees the operation of the Health District and is elected by a regional advisory council. The Board adopts its own budget, hires and fires its own staff, and is legally separate from the County. Although the County Commissioners serve as the taxing authority for the Health District, this is strictly a ministerial function. The County does not approve the fiscal operations of the District.

Basis of Presentation - The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the primary government that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. Interfund receivables and payables within governmental activities have been eliminated to minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total columns. As a general rule the effect of interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for business-type activities of the County. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges paid by the recipient of the goods or services and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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 present financial information at a more detailed level. The governmental and enterprise fund financial statements focus on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Agency funds, which are a type of fiduciary fund, are used to account for assets held by the government as an agent for individuals, private organizations and other governments.

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

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

> **General Fund -** This fund is used to account for all financial resources of the County not accounted for or reported in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> **Motor Vehicle and Gas Tax Fund -** To account for revenues derived from motor vehicle licenses and gasoline taxes. Expenditures are restricted by state law to county road and bridge repair/improvement programs.
>
> **Board of Developmental Disabilities Fund -** To account for the operation of a school for the developmentally disabled. Revenue sources are a county-wide property tax levy and federal and state grants.
>
> **Job and Family Services Fund -** To account for various federal and state grants, as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay providers of medical assistance and certain public social services.

The County's nonmajor governmental funds account for (1) grants and other resources whose use is restricted to a particular purpose; (2) the accumulation of resources for, and payment of, the principal, interest and related costs for the County's general long-term debt; and (3) financial resources used for the acquisition, construction or renovation of facilities (other than those financed by proprietary funds).

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

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the County's intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County's only enterprise fund is the following major fund:

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Pike County Sewer Fund - To account for revenue received from user charges for sewer services provided to residents of Pike County. The costs of providing services are financed through user charges.

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County's internal service fund is used to provide reimbursement for qualified health care claims under $3,000.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. There are four types of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The only type of fiduciary fund the County uses is agency funds.

The agency funds account for assets held in a purely custodial capacity by the County as fiscal agent for other entities, and for various taxes, state-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Agency fund transactions typically involve only the receipt, temporary investment and distribution of these fiduciary resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applies to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pike County (the County and the primary government) follows GASB guidance as applicable to its governmental and business-type activities. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

Basis of Accounting and Measurement Focus - Basis of accounting determines when transactions are captured in the financial records and reported on the financial statements. Measurement focus refers to what is expressed in reporting an entity's financial performance and position. A particular measurement focus is accomplished by considering which resources are measured.

Differences in the accrual and the modified accrual bases of accounting arise in the timing of recognition of revenue and the recording of unavailable revenue, and in the presentation of expenses versus expenditures. Under the non-GAAP budgetary basis, transactions are recorded when cash is received or disbursed.

B. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are prepared using the accrual basis of accounting. Agency funds, which are custodial in nature, do not measure results of operations and do not have a measurement focus.

C. Basis of Accounting

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

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. Revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under this basis, the following revenue sources are considered to be both measurable and available at fiscal yearend: property taxes available as an advance, interest, and grants.

NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

Deferred Outflows and Deferred Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide Statement of Net Position and include pension/OPEB expense. A deferral for pension/OPEB results from changes in Net Pension/OPEB Liability not recognized as a component of current year pension/OPEB expense. This amount is deferred and amortized over various periods as instructed by the pension/OPEB plan administrators. Deferred outflows of resources related to pensions/OPEB are explained further in Notes 13 and 14.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. The County reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the County, these amounts consist of intergovernmental receivables, delinquent property taxes receivable which are not collected in the available period and pension/OPEB. Property taxes for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as deferred inflows of resources. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes receivable and grants and entitlements not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Additionally, deferred inflows related to pensions/OPEB are reported in the government-wide Statement of Net Position. Deferred inflows related to pensions/OPEB result from changes in Net Pension/OPEB Liability not recognized as a component of current year pension/OPEB expense. Deferred inflows of resources related to pension/OPEB are explained further in Notes 13 and 14.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. On the modified accrual basis, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, provided current financial resources are to be used. As a result, compensated absences are not recorded as expenditures or liabilities until current financial resources are required. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

D. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 amounts that the County Commissioners may appropriate. The appropriation resolution is the Commissioners authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Commissioners. The legal level of control has been established by the Commissioners at the fund, function and object level within each department.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

The appropriation resolution is subject to amendment by the Commissioners throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represented the final appropriation amounts passed by the Commissioners during the year.

E. Cash, Cash Equivalents, and Investments

Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through the County’s records. Each fund’s interest in the pool is presented as “Equity in Pooled Cash and Investments” on the balance sheet and statement of net position.

Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." Cash and cash equivalents and investments that are held by the Southern Ohio Council of Governments on behalf of the County’s Board of Developmental Disabilities are recorded on the balance sheet as “Cash and Cash Equivalents with Fiscal Agents”.

For reporting purposes, “Equity in Pooled Cash and Investments” is defined as cash on hand, demand deposits and investments held in the County treasury.

For cash flow reporting purposes, the County’s proprietary funds consider cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. “Equity in Pooled Cash and Investments” is considered to be cash and equivalents since these assets are available on demand.

Investments held by the Treasurer are stated at fair value using quoted market prices.

During fiscal year 2018, investments were limited to Federal Home Loan Bank Securities, Federal Home Loan Mortgage Corporation Securities, Federal Farm Credit Bank Securities, Federal National Mortgage Association Securities, US Treasury Notes, and Money Market Mutual Funds.

Under existing Ohio law, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Distribution is made utilizing a formula based on the average month-end balance of cash and cash equivalents of all funds.

Interest is distributed to the General Fund, Motor Vehicle and Gas Tax, Law Enforcement Block Grant, and the Armintrout Special Revenue Funds, and the Pike Health Care Addition Capital Projects Fund. Interest earned during 2018 amounted to $279,599 in the governmental funds.

F. Loans Receivable

“Loans Receivable” consists of long-term revolving loans for housing and community development projects. The programs are primarily funded by a federal block grant, with a local match from the County. “Loans receivable” is offset by a credit to “Restricted Fund Balance.” The expenditure is recorded when the loan is made.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Balances

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as “due to/from other funds.” Interfund receivables and payables within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Net Position; any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances.”

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art or similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The County maintains a capitalization threshold of $5,000 for all assets except infrastructure in which the County maintains a capitalization threshold of $50,000. Public domain ("infrastructure") general capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been capitalized for acquisitions during 2018 and previous fiscal years in accordance with GASB Statement No. 34. Interest incurred during the construction of assets is not capitalized. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	30 years
Improvements other than Buildings	5 years
Roads, Bridges, and Culverts (Infrastructure)	10-50 years
Furniture and Fixtures	10 years
Sewer and Water Lines (Infrastructure)	50 years
Machinery and Equipment	10 years
Vehicles	5 years

NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year end. This item is discussed in Note 15 to the basic financial statements.

Compensated absences are accrued when incurred in the government-wide financial statements and in proprietary funds. A liability for these amounts is recorded in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

J. Fund Balance

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

> ***<u>Nonspendable</u>*** – 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.
>
> ***<u>Restricted</u>*** – 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.
>
> ***<u>Committed</u>*** – 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.
>
> ***<u>Assigned</u>*** – 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. The County Auditor generally will assign monies through the issuance of purchase orders.
>
> ***<u>Unassigned</u>*** – 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

K. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred outflows and inflows related to the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position include various grants and other resources restricted for various purposes. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the County's restricted net position, none are restricted by enabling legislation.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for sewer services. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the fund. Revenues and expenses not matching these definitions are reported as non-operating revenues and expenses.

M. Short-Term Obligations

Under Ohio Law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Accounting principles generally accepted in the United States of America require bond anticipation notes to be reported as a liability in the fund which received the proceeds. To comply with GAAP reporting requirements, the County's debt retirement funds that are utilized to repay short term obligations reported on a budgetary basis have been included in the special revenue and capital projects funds on a GAAP basis.

N. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the enterprise fund financial statements. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in full from current financial resources as obligations of the funds. Bonds, loans and capital leases are recognized as a liability on the fund financial statements when due.

P. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

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

R. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

NOTE 3 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

NOTE 3 - <u>CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS</u> (Continued)

The statements of revenues, expenditures and changes in fund balances - budget (budget basis) and actual – are presented in the basic financial statements for the General Fund and major special revenue funds. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance for governmental fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as Balance Sheet transactions (GAAP basis).
5. Revolving loans made to eligible businesses and individuals are reported on the operating statement (budget basis) rather than as Balance Sheet transactions (GAAP basis).
6. Certain funds are reported as part of the General fund on a GAAP basis, but are not reported as part of the General fund on the Budget basis.

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

Net Change in Fund Balance (Deficit)
General and Major Special Revenue Funds

	General	Motor Vehicle and Gas Tax	Board of Developmental Disabilities	Job and Family Services
GAAP Basis	($853,351)	($263,846)	($153,725)	$475,681
Net Adjustments for:				
Revenue Accruals	(9,140)	74,529	(140,947)	(507,332)
Expenditure Accruals	(200,384)	(42,857)	215,460	23,633
Other Sources (Uses)	12,970	0	10,000	0
Perspective Difference:				
Activity of Funds Reclassified For GAAP Reporting Purposes	(1,491,880)	0	0	0
Budget Basis	($2,541,785)	($232,174)	($69,212)	($8,018)

NOTE 4 – *NEW GASB PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION*

For 2018, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the County's postemployment benefit plan disclosures, as presented in Note 10 to the basic financial statements, and added required supplementary information which can be found following these notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the County.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing dept. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the County.

A net position restatement is required in order to implement GASB Statement No. 75. The governmental activities, business-type activities and Sewer Fund at December 31, 2017 have been restated as follows:

	Governmental Activities	Business-Type Activities	Sewer
Net Position December 31, 2017	$44,928,631	$7,408,066	$7,408,066
Adjustments:			
Net OPEB Liability	(7,893,865)	(94,883)	(94,883)
Deferred Outflow - Payments Subsequent to Measurement Date	114,987	1,402	1,402
Deferred Inflows	(10,049)	0	0
Compensated Absences	0	4,479	4,479
Restated Net Position December 31, 2017	($7,788,927)	($89,002)	($89,002)

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

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE

Accountability - Fund Balance Deficits - The following funds have a fund balance deficit as of December 31, 2018:

Nonmajor Funds	
Special Revenue Fund	
Marriage License Fund	$588
Community Corrections Act Grant Fund	24,311
Capital Projects Fund	
Pike Senior Services Fund	79,510

These deficits are a result of the application of accounting principles generally accepted in the United States of America to the financial reporting of these funds. The General Fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. Short term advances and bond anticipation note proceeds used to finance the projects are not recognized as "other financing sources," but rather as a fund liability. The deficits will be eliminated when the notes are bonded and/or resources are provided for the retirement of the notes.

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into two categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories.

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;

2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that 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 that the term of the agreement must not exceed thirty days;

NOTE 6 - <u>DEPOSITS AND INVESTMENTS</u> (Continued)

4. Bonds and other obligations of the State of Ohio, or the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;

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

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed 5 percent of the County’s total average portfolio;

10. Certain bankers’ acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;

11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;

12. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County’s total average portfolio and meet other requirements; and

13. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited, issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee 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 $5,000 in undeposited cash on hand which is included on the financial statements of the County as part of “equity in pooled cash and investments.”

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The County's bank balance of $5,839,934 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

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

> Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

		Weighted Average Maturity		
	Carrying/Fair Value	Less Than One Year	1-2 Years	3-5 Years
Federal Home Loan Mortgage Corporation	$5,636,999	$3,840,487	$1,796,512	$0
Federal Farm Credit Bank	991,610	991,610	0	0
Federal National Mortgage Association	2,926,954	1,192,368	1,734,586	0
Negotiable Certificates of Deposit	2,443,104	1,232,620	973,557	236,927
US Treasury Note	1,539,770	1,539,770	0	0
Money Market Mutual Fund	3,087,564	3,087,564	0	0
Total Investments	$16,626,001	$11,884,419	$4,504,655	$236,927

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has no policy specifically dealing with interest rate risk. The County manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years of less.

NOTE 6 - <u>DEPOSITS AND INVESTMENTS</u> (Continued)

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy allows the County to invest in accordance with the Ohio Revised Code (Ohio Law). Investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and Federal National Mortgage Association, were all rated AA+ by Standard & Poor's and Aaa by Moody's. Investment ratings for the Money Market Mutual Fund were rated AAAm by Standard & Poor's and a rating of AA+ for U.S. Treasury Notes.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer; however their investment policy does stress diversification to limit potential losses. The County has invested 34% in Federal Home Loan Mortgage Corporation, 6% in Federal Farm Credit Bank, 18% in Federal National Mortgage Association, 15% in Negotiable Certificates of Deposit, 9% US Treasury Note and 18% in Money Market Mutual Fund.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the County's securities are either insured and registered in the name of the County or at least registered in the name of the County. The County has no policy specifically related to custodial credit risk, but requires the County to conform to requirements of Ohio law.

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

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

NOTE 7 - <u>PROPERTY TAXES</u>

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2017. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Certain public utility property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

NOTE 7 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real and public utility taxes which were measurable and unpaid as of December 31, 2018. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2018 operations.

The full tax rate for all County operations for the year ended December 31, 2018, was $14.70 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	$428,147,770
Public Utility Personal Property	80,582,570
Total Property Taxes	$508,730,340

NOTE 8 – TAX ABATEMENTS

A tax abatement is defined as a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or the citizens of the County. The County has entered into such agreements. A description of the County's abatement programs where the County has promised to forego taxes follows:

Community Reinvestment Area (CRA) Program

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

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

A Summary of the taxes foregone on the County's abatement programs for the year ended December 31, 2018 as follows:

Program	Tax Abated	Amount
Community Reinvestment Areas	Property Tax	$16,887

NOTE 9 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

Proceeds of the tax are credited entirely to the General Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and Use tax revenue for 2018 amounted to $4,551,658.

NOTE 10 – RECEIVABLES

Receivables at December 31, 2018, consisted of taxes, accounts (billings for user charged services), interest, loans, interfund, and due from other governments arising from grants, entitlements and shared revenues. All receivables (other than loans) are considered collectible in full.

The Department of Community Development loans money to eligible residents of Pike County to rehabilitate their residences. Part of the loan agreement states that the loan recipient will not sell their home for five years after such rehabilitation is completed. The Community Development office secures a lien against the property for this five year period. Over the course of the lien, 20 percent of the loan is forgiven each year for the duration of the five year lien. At the end of the fifth year, the entire loan amount is forgiven and the lien is taken off of the property.

Of the total loans receivable disclosed on the balance sheet, $812,074 represents the amount of principal on the loans subject to forgiveness under the above agreement.

Other loans receivable represent low interest loans for development projects and home improvements granted to eligible County residents and businesses under the Community Development.

NOTE 10 – RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables is as follows:

Governmental Activities	Amount
Major Funds:	
General Fund	$395,010
Motor Vehicle and Gas Tax	1,831,215
Board of Developmental Disabilities Grants	875,146
Non-major Funds:	
Emergency Medical Services	12,092
Children Services	52,801
EMA Comprehensive Coop Agreement	6,298
Pike Senior Services Levy	20,513
Felony Delinquent Care & Custody	40,709
FEMA Flood Assistance Grant - Engineer	15,813
FEMA Flood Assistance Grant - Other Department	38,000
Federal Highway Adminstration	144,293
Sheriff Police Service	7,002
ODH MIECHV Pike DD Grant	339,544
State LTIP Grant	500,833
Total Non-major Funds	1,177,898
Total Governmental Activities	$4,279,269

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2018, the County contracted with the Buckeye Joint-County Self-Insurance Council (a jointly governed organization, see Note 21) for liability, auto, and crime insurance. This jointly governed organization is a cost-sharing pool. The program has a $0 to $5,000 deductible per occurrence.

Coverage’s provided by the program are as follows:

	Aggregate	Each Occurrence
General Liability	$4,000,000	2,000,000
Public Officials	4,000,000	2,000,000
Law Enforcement	4,000,000	2,000,000
Automobile – Liability	0	2,000,000
Employee Benefits Liability	4,000,000	2,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of $35,591,508 and other property insurance including $1,000,000 for extra expenses.

NOTE 11 - RISK MANAGEMENT (Continued)

Health insurance was provided by a private carrier, Medical Mutual of Ohio for all claims $3,000 and above. Claims under $3,000 are provided through a health reimbursement program administered by a third party administrator, People Insurance Agency. The County maintains an internal service fund to account for and finance its uninsured risks of loss in this program.

The claims liability of $36,914 reported in the internal service fund at December 31, 2018, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund’s claims liability amount for the past three years are as follows:

	Beginning Year Balance	Current Year Claims	Claim Payments	Ending Year Balance
2016	$21,870	$335,128	$318,651	$38,347
2017	38,347	233,513	250,250	21,610
2018	21,610	324,591	309,287	36,914

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

The County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 - CAPITAL ASSETS

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

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	$1,660,163	$19,309	$0	$1,679,472
Construction in Progress	2,434,502	726,021	(2,616,454)	544,069
Total Non-Depreciable Capital Assets	4,094,665	745,330	(2,616,454)	2,223,541
Depreciable Capital Assets:				
Furniture and Fixtures	183,317	5,756	0	189,073
Buildings and Improvements	15,775,709	127,191	0	15,902,900
Machinery and Equipment	1,874,619	223,690	0	2,098,309
Vehicles	4,495,914	437,560	(161,530)	4,771,944
Infrastructure	60,303,093	1,213,660	(2,250,223)	59,266,530
Total Depreciable Capital Assets	82,632,652	2,007,857	(2,411,753)	82,228,756
Less Accumulated Depreciation:				
Furniture and Fixtures	(135,081)	(7,203)	0	(142,284)
Buildings and Improvements	(9,190,229)	(410,930)	0	(9,601,159)
Machinery and Equipment	(1,396,194)	(150,360)	0	(1,546,554)
Vehicles	(3,598,201)	(318,845)	161,530	(3,755,516)
Infrastructure	(34,366,459)	(1,625,755)	2,239,495	(33,752,719)
Total Accumulated Depreciation	(48,686,164)	(2,513,093)	2,401,025	(48,798,232)
Net Depreciable Capital Assets	33,946,488	(505,236)	(10,728)	33,430,524
Governmental Activities - Capital Assets, Net	$38,041,153	$240,094	($2,627,182)	$35,654,065

NOTE 12 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

General Government:	
Legislative and Executive	$441,922
Judicial	16,528
Public Safety	45,819
Public Works	1,791,236
Health	76,457
Human Services	141,131
Total Depreciation Expense	$2,513,093

	Balance at 01/01/18	Additions	Deletions	Balance at 12/31/18
Business-Type Activities:				
Non-Depreciable Capital Assets:				
Land	$7,000	$0	$0	$7,000
Construction in Progress	459,336	0	(459,336)	0
Total Capital Assets, Not Being Depreciated	466,336	0	(459,336)	7,000
Depreciable Capital Assets:				
Buildings and Improvements	326,697	0	0	326,697
Machinery and Equipment	37,586	0	0	37,586
Vehicles	36,604	29,978	0	66,582
Infrastructure	11,434,373	459,336	0	11,893,709
Total Depreciable Capital Assets	11,835,260	489,314	0	12,324,574
Less Accumulated Depreciation:				
Buildings and Improvements	(99,654)	(7,686)	0	(107,340)
Machinery and Equipment	(22,826)	(2,684)	0	(25,510)
Vehicles	(36,604)	(2,998)	0	(39,602)
Infrastructure	(4,592,000)	(224,000)	0	(4,816,000)
Total Accumulated Depreciation	(4,751,084)	(237,368)	0	(4,988,452)
Net Depreciable Capital Assets	7,084,176	251,946	0	7,336,122
Business-Type Activities - Capital Assets, Net	$7,550,512	$251,946	($459,336)	$7,343,122

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS

Net Pension Liability

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

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

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

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

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

A. Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

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

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

	2018		2017	
	State and Local	Law Enforcement	State and Local	Public Safety
Statutory Maximum Contribution Rates				
Employer	14.0%	18.1%	14.0%	18.1%
Employee	10.0%	**	10.0%	**
Actual Contribution Rates				
Employer:				
Pension	14.0%	18.1%	13.0%	17.1%
Post-employment Health Care Benefits	0.0%	0.0%	1.0%	1.0%
Total Employer	14.0%	18.1%	14.0%	18.1%
Employee	10.0%	13.0%	10.0%	13.0%

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2.0% greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required pension contributions to OPERS were $1,561,638 for 2018. Of this amount, $135,273 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion Share of the Net Pension Liability:	
Current Measurement Date	0.0892060%
Prior Measurement Date	0.0821170%
Change in Proportionate Share	0.0070890%
Proportionate Share of the Net Pension Liability	$13,994,692
Pension Expense	$3,698,308

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$14,292
Change In Assumptions	1,672,451
Changes in proportion and differences between County contributions and proportionate share of contributions	969,215
County contributions subsequent to the measurement date	1,561,638
Total Deferred Outflows of Resources	**$4,217,596**
Deferred Inflows of Resources	
Differences between expected and actual experience	$275,790
Net difference between projected and actual earnings on pension plan investments	3,004,476
Total Deferred Inflows of Resources	**$3,280,266**

$1,561,638 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2019	$1,830,981
2020	120,285
2021	(1,340,990)
2022	(1,234,584)
Total	**($624,308)**

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.

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

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

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

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

Discount Rate

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

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

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability	$24,851,007	$13,994,692	$4,943,797

B. State Teachers Retirement System (STRS)

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

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017 , the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the year ended December 31, 2018, plan members were required to contribute 14.0% of their annual covered salary. The County was required to contribute 14.0%; the entire 14.0% was the portion used to fund pension obligations. The year 2018 contribution rates were equal to the statutory maximum rates.

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

The County's contractually required pension contributions to STRS were $26,587 for 2018. All of this amount has been contributed as of the end of the year.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	STRS
Proportion Share of the Net Pension Liability:	
Current Measurement Date	0.00171992%
Prior Measurement Date	0.00208900%
Change in Proportionate Share	-0.00036908%
Proportionate Share of the Net Pension Liability	$378,172
Pension Expense	$9,885

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

	STRS
Deferred Outflows of Resources	
Differences between expected and actual experience	$8,731
Changes of assumptions	67,019
Difference between County contributions and proportionate share of contributions	10,172
County contributions subsequent to the measurement date	13,293
Total Deferred Outlfows of Resources	**$99,215**
Deferred Inflows of Resources	
Differences between expected and actual experience	$2,470
Net Difference between projected and actual earnings on pension plan investments	22,930
Difference between County contributions and proportionate share of contributions	72,770
Total Deferred Outlfows of Resources	**$98,170**

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

$13,293 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS
Fiscal Year Ending June 30:	
2019	$19,796
2020	(1,003)
2021	(13,020)
2022	(18,021)
Total	**($12,248)**

Actuarial Assumptions - STRS

The total pension liabilities in the July 1, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment Rate of Return	7.45%, net of investment expenses
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0.00% effective July 1, 2017

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

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

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	$552,270	$378,172	$230,821

NOTE 14 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

A. Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $0 for 2018.

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

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

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.0844100%
Prior Measurement Date	0.0782869%
Change in Proportionate Share	0.0061231%
Proportionate Share of the Net Pension Liability	$9,166,304
OPEB Expense	$967,607

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

	OPERS
Deferred Outflows of Resources	
Differences between Expected and Actual Experience	$7,140
Changes of assumptions	667,404
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	416,988
Total Deferred Outflows of Resources	$1,091,532
Deferred Inflows of Resources	
Net difference between Projected and Actual Earnings on OPEB Plan Investments	$682,829
Total Deferred Inflows of Resources	$682,829

No amounts reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2019	$345,630
2020	345,630
2021	(123,076)
2022	(170,384)
Total	$397,800

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

Actuarial Assumptions - OPERS

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

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

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

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

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

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

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

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

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

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

Discount Rate

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

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

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

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

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	$12,177,831	$9,166,304	$6,730,009

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$8,770,199	$9,166,304	$9,575,470

B. State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	STRS
Proportion of the Net OPEB Liability	
Current Measurement Date	0.00171992%
Prior Measurement Date	0.00208900%
Change in Proportionate Share	-0.00036908%
Proportionate Share of the Net OPEB Asset	$27,637
OPEB Expense	($62,130)

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

	STRS
Deferred Outflows of Resources	
Differences Between Expected and Actual Experience	$3,227
Total Deferred Outflows of Resources	$3,227
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	$1,611
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,157
Change in Assumptions	37,658
Changes in Proportionate Share and Difference Between County Contributions and Proportionate Share of Contributions	13,152
Total Deferred Inflows of Resources	$55,578

NOTE 14 – <u>DEFINED BENEFIT OPEB PLANS</u> *(Continued)*

No amounts reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	STRS
Fiscal Year Ending June 30:	
2019	($9,210)
2020	(9,210)
2021	(9,210)
2022	(12,874)
2023	(6,052)
Thereafter	(5,795)
Total	($52,351)

Actuarial Assumptions – STRS

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

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

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

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

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate to no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset at June 30, 2018.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate

The following table represents the net OPEB liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 14 – DEFINED BENEFIT OPEB PLANS *(Continued)*

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	($23,688)	($27,637)	($30,957)

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	($30,769)	($27,637)	($24,457)

NOTE 15 - OTHER EMPLOYEE BENEFITS

Compensated Absences - County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Accumulated, unused sick leave is paid up to a maximum of 240 hours, depending on length of service, to employees who retire.

NOTE 16 - DEFERRED COMPENSATION

Pike County employees and elected officials may participate in either the Ohio Public Employees Deferred Compensation program or the County Commissioners' Association of Ohio Deferred Compensation Program, both created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into capitalized leases for the acquisition of copiers, postage machine and hardware/software. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the basic financial statements for the General Fund and the Board of Developmental Disabilities, Job and Family Services, and Child Support Special Revenue Funds. These expenditures are reflected as program/object expenditures on a budgetary basis.

NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

The capital assets acquired by the leases have been capitalized in the statement of net position for governmental activities in the amount of $366,051 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2018 totaled $77,381 in the governmental funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2018.

Year Ending December 31,	Long-Term Debt
2019	$52,543
2020	18,759
2021	9,765
2022	3,559
Total Minimum Lease Payments	84,626
Less: Amount Representing Interest	(3,036)
Present Value of Net Minimum Lease Payments	$81,590

NOTE 18 - LONG-TERM DEBT

The Ohio Public Works Commission (OPWC) loan issued in 1998 consists of money owed to the OPWC for replacement of Buchanan Road Bridge. The total loan amount awarded was $205,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 1998 consists of money owed to the OPWC for replacement of Pike Lake Road Bridge. The total loan amount awarded was $105,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2014 consists of money owed to the OPWC for the replacement of Rapp-Montgomery road and bridge repairs. The total loan amount awarded was $187,500. The loan will be repaid from the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2012 consists of money owed to OPWC for the River Road Emergency Slip Repair project. The total amount awarded was $24,789. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax Fund.

The Ohio Public Works Commission (OPWC) loan issued in 2012 consists of money owed to OPWC for the Bridge Replacement & Salyers. The total amount awarded was $300,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax Fund.

The Ohio Public Works Commission (OPWC) loan issued in 2002 consists of money owed to the OPWC for replacement of Pike Lake Road Bridge at Tanglewood Acres. The total loan amount awarded was $47,563. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

NOTE 18 - LONG-TERM DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan issued in 2003 consists of money owed to the OPWC for replacement of Loy's Run Bridge. The total loan amount awarded was $90,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2004 consists of money owed to the OPWC for the replacement of Coal Dock Road Bridge. The total loan amount awarded was $125,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2005 consists of money owed to the OPWC for the replacement of Owl Creek Road Bridge. The total loan amount awarded was $150,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2006 consists of money owed to the OPWC for the replacement of Auerville Road Bridge. The total loan amount awarded was $292,112. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2004 consists of money owed to the OPWC for replacement of Buck Hollow Road Bridge. The total loan amount awarded was $37,156. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2009 consists of money owed to the OPWC for the replacement of the Adams Road Bridge. The total loan amount awarded was $185,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2010 consists of money owed to the OPWC for the replacement of the Little Creek Water Line. The total loan amount awarded was $225,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2008 consists of money owed to the OPWC for the replacement of Morgan's Fork Road Bridge. The total loan amount awarded was $250,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2002 consists of money owed to the OPWC for replacement of River Road Bridge. The total loan amount awarded was $125,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2013 consists of money owed to the OPWC for the replacement of Multiple Box Culverts. The total loan amount awarded was $581,695. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued in 2012 consists of money owed to OPWC for the Three Bridge Replacement project. The total amount awarded was $550,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax Fund.

The Ohio Public Works Commission (OPWC) loan issued during 2015 consists of money owed to the OPWC for the Bridge Replacement and Road Repair. The total amount awarded was $561,283. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax Fund.

NOTE 18 - LONG-TERM DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan issued during 2015 consists of money owed to the OPWC for the Six Bridge Replacements. As of December 31, 2018, this loan was partially forgiven through grant funds. The total loan award was $300,000. No amortization is available at this time.

The Ohio Public Works Commission (OPWC) loan issued during 2015 consists of money owed to the OPWC for the Boswell Run Road Bridge Replacement. The total loan amount awarded was $150,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2017 consists of money owed to the OPWC for Culvert and Road Improvements. The total loan amount awarded was $233,603. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Public Works Commission (OPWC) loan issued during 2016 consists of money owed to the OPWC for the County Wide Paving Project 2016 Phase I. As of December 31, 2018, the total loan amount of $700,000 has been disbursed.

The Ohio Public Works Commission (OPWC) loan issued during 2016 consists of money owed to the OPWC for the County Wide Paving Project 2016 Phase II. As of December 31, 2018, $846,562 has been disbursed.

The Ohio Public Works Commission (OPWC) loan issued during 2017 consists of money owed to the OPWC for Five Box Culverts. As of December 31, 2018, $37,500 has been disbursed. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

The Ohio Water Development Authority (OWDA) loan issued in 2002 consists of money owed to the OWDA for Water Pollution Control. The total loan amount awarded was $45,000. The OWDA loan is payable solely from the gross revenues of the Community Development fund.

The Ohio Water Development Authority (OWDA) loan issued during 2012 consists of money owed to the OWDA for North Sewer System project. The total loan amount awarded was $205,504. The OWDA loan is payable solely from the gross revenues of the Sewer fund.

The Ohio Water Development Authority (OWDA) loan issued during 2016 consists of money owed to the OWDA for North Gate Sanitary Sewer Extension project. The total loan amount awarded was $85,845. The OWDA loan is payable solely from the gross revenues of the Sewer fund.

The USDA loan issued in 2010 was for the purpose of airport hangar construction. The loan was issued in the amount of $328,000 with an interest rate of 4.00 percent. The loan will be repaid Airport Hangers Debt Service Fund.

The Revenue Bond issued during 2009 was for the purpose of constructing a senior citizens center in the County. The bond was issued in the amount of $2,200,000 at an interest rate of 3.50%. The bonds will be repaid from the Senior Center Levy Fund. Tax revenues of the Pike Senior Citizen Levy have been pledged to repay these debts.

The Revenue Bond issued during 2014 was for the purpose of making improvements to the Family Health Center in the County. The bond was issued in the amount of $850,000 at an interest rate of 3.65%. General revenues of the County along with revenues received from the operation of the Health Center have been pledged to repay these debts. The bonds will be repaid from the Debt Service fund.

NOTE 18 - LONG-TERM DEBT (Continued)

The General Obligation Bonds issued in 2007 were for the purpose of repaying general obligation notes of the County. The bonds were issued in the amount of $2,910,150, which includes $405,000 in debt for the Pike County Health District at an interest rate of 4.4325%. Of the $2,910,150, $2,887,000 were issued in governmental activity funds with the remaining $23,150 in business-type activities. The bonds will be repaid from the Debt Service Fund and the Pike County Sewer Fund.

The General Obligation bonds issued through United States Department of Agriculture in 2018 were to purchase two emergency squads. The Bonds were issued in the amount of $400,000 at an interest rate of 3.875%. The bonds will be repaid from the Debt Service Fund.

The DD Facility Bonds issued during 2015 was for the purpose of facility improvement. The bond was issued in the amount of $122,900 at an interest rate of 3.35%. The bonds will be repaid from the Debt Service Fund.

Compensated Absences (sick leave and vacation benefits) and other obligations related to employee compensation are paid from the fund from which the person is paid, with the most significant being the General Fund , and the Community Development, Motor Vehicle and Gas Tax, Job and Family Services, Board of Developmental Disabilities, and Children Services. The Capital leases are paid from the General Fund and the Board of Developmental Disabilities, Job and Family Services and Child Support.

The County's long-term obligations at year end consisted of the following:

	Outstanding at 01/01/18*	Issued	Retired	Outstanding at 12/31/18	Amount Due In One Year
Governmental Funds:					
Long-Term Obligations					
Buchanan Road					
Loan 0.00% - 1998					
Ohio Public Works Commission	$15,000	$0	$3,750	11,250	$3,750
Pike Lake Road					
Loan 0.00% - 1998					
Ohio Public Works Commission	10,000	0	5,000	5,000	3,750
Rapp-Montgomery Road and Bridges					
Loan 0.00% - 2014					
Ohio Public Works Commission	169,471	0	7,212	162,259	7,212
River Road Emergency Slip Repair					
Loan 0.00% - 2012					
Ohio Public Works Commission	21,071	0	826	20,245	826
Bridge Replacement & Salyers					
Loan 0.00% - 2012					
Ohio Public Works Commission	244,445	0	11,111	233,334	11,111
Tanglewood Bridge					
Loan 0.00% - 2002					
Ohio Public Works Commission	10,702	0	2,378	8,324	2,378
Loy's Run					
Loan 0.00% - 2003					
Ohio Public Works Commission	22,500	0	4,500	18,000	4,500

(Continued)

NOTE 18 - LONG-TERM DEBT *(Continued)*

	Outstanding at 01/01/18*	Issued	Retired	Outstanding at 12/31/18	Amount Due In One Year
Governmental Funds:					
Long-Term Obligations					
Coal Dock Road					
Loan 0.00% - 2004					
Ohio Public Works Commission	37,500	0	6,250	31,250	6,250
Owl Creek Road					
Loan 0.00% - 2005					
Ohio Public Works Commission	52,500	0	7,500	45,000	7,500
Auerville Road					
Loan 0.00% - 2006					
Ohio Public Works Commission	116,845	0	14,606	102,239	14,606
Buck Hollow Road					
Loan 0.00% - 2004					
Ohio Public Works Commission	11,147	0	1,858	9,289	1,858
Adams Road Bridge					
Loan 0.00% - 2009					
Ohio Public Works Commission	111,000	0	9,250	101,750	9,250
Little Creek Water Line					
Loan 0.00% - 2010					
Ohio Public Works Commission	172,500	0	7,500	165,000	7,500
Morgan's Fork Road					
Loan 0.00% - 2008					
Ohio Public Works Commission	125,000	0	12,500	112,500	12,500
River Road					
Loan 0.00% - 2002					
Ohio Public Works Commission	28,125	0	6,250	21,875	6,250
Multiple Box Culvert Replacements					
Loan 0.00% - 2013					
Ohio Public Works Commission	542,915	0	19,390	523,525	19,390
Three Bridge Replacement					
Loan 0.00% - 2012					
Ohio Public Works Commission	513,333	0	18,333	495,000	18,333
Bridge Replacements and Road Repair					
Loan 0.00% - 2015					
Ohio Public Works Commission	477,015	84,268	18,710	542,573	18,710
Six Bridge Replacements					
Loan 0.00% - 2015					
Ohio Public Works Commission	465,056	0	165,056	300,000	10,000
Boswell Run Road Bridge Replacement					
Loan 0.00% - 2015					
Ohio Public Works Commission	107,841	42,159	2,500	147,500	5,000
Culvert and Road Improvements					
Loan 0.00% - 2017					
Ohio Public Works Commission	227,927	10,073	9,520	228,480	9,520
County Wide Paving Project 2016 Phase I					
Loan 0.00% - 2016					
Ohio Public Works Commission	700,000	0	0	700,000	70,000

NOTE 18 - LONG-TERM DEBT *(Continued)*

	Outstanding at 01/01/18*	Issued	Retired	Outstanding at 12/31/18	Amount Due In One Year
Governmental Funds:					
Long-Term Obligations					
County Wide Paving Project 2016 Phase II					
Loan 0.00% - 2016					
Ohio Public Works Commission	846,562	220,609	0	1,067,171	106,717
Five Box Culverts					
Loan 0.00% - 2017					
Ohio Public Works Commission	37,500	37,500	0	75,000	0
OWDA - Water Pollution Control					
Loan 0.00% - 2002					
OWDA/EPA Loan	10,125	0	2,250	7,875	2,250
USDA Loan - Airport Hangar					
2010 - 4.00%	281,800	0	7,700	274,100	8,000
Revenue Bonds					
2009 - 3.50%	1,495,800	0	102,400	1,393,400	106,000
Revenue Bonds					
2014 - 3.65%	757,900	0	32,900	725,000	34,200
General Obligation Bonds					
2007 - 4.4325%	1,148,400	0	114,000	1,034,400	120,000
USDA Bonds - EMS Squads					
2018 - 3.875%	0	400,000	0	400,000	74,000
DD Facility Bonds					
2015 - 3.35%	101,400	0	11,200	90,200	11,700
Other Long Term Obligations:					
Compensated Absences	1,192,466	1,756,813	1,698,374	1,250,905	918,550
Capital Leases	129,680	29,291	77,381	81,590	51,570
Net Pension Liability:					
OPERS	18,424,467	0	4,602,870	13,821,597	0
STRS	496,246	0	118,074	378,172	0
Total Net Pension Liablity	18,920,713	0	4,720,944	14,199,769	0
Net OPEB Liability:					
OPERS	7,812,360	1,240,570	0	9,052,930	0
STRS	81,505	0	81,505	0	0
Total Net OPEB Liablity	7,893,865	1,240,570	81,505	9,052,930	0
Total Governmental Obligations	$36,998,104	$3,816,886	$7,017,598	$33,797,392	$1,599,431

*Restated

NOTE 18 - LONG-TERM DEBT *(Continued)*

Business-Type Activities *Long-Term Obligations*	Outstanding at 01/01/18*	Issued	Retired	Outstanding at 12/31/18	Amount Due In One Year
North Sewer System					
Loan 1.50% - 2012					
Ohio Water Development Authority	$177,320	$0	$5,894	$171,426	$5,983
North Gate Sanitary Sewer Extension					
Loan 1.50% - 2015					
Ohio Water Development Authority	75,581	0	1,509	74,072	2,462
Compensated Absences	18,137	18,490	19,544	17,083	10,337
Net Penision Liability:					
OPERS	222,908	0	49,813	173,095	0
Net OPEB Liability:					
OPERS	94,883	18,491	0	113,374	0
Total Business-Type Activities	$588,829	$36,981	$76,760	$549,050	$18,782

*Restated

	OPWC Tanglewood	OWDA Water Pollution	OPWC River Road	OPWC Buck Hollow	OPWC Adams Road	OPWC Buchanan Road	OPWC Pike Lake Road	OPWC Loy's Run
2019	$2,378	$2,250	$6,250	$1,858	$9,250	$3,750	$3,750	$4,500
2020	2,378	2,250	6,250	1,858	9,250	3,750	1,250	4,500
2021	2,378	2,250	6,250	1,858	9,250	3,750	0	4,500
2022	1,190	1,125	3,125	1,858	9,250	0	0	4,500
2023	0	0	0	1,857	9,250	0	0	0
2024-2028	0	0	0	0	46,250	0	0	0
2029	0	0	0	0	9,250	0	0	0
Total	$8,324	$7,875	$21,875	$9,289	$101,750	$11,250	$5,000	$18,000

NOTE 18 - LONG-TERM DEBT *(Continued)*

	OPWC Coal Dock Road	OPWC Owl Creek	OPWC Auerville	OPWC Morgan's Fork Road	OWDA North Sewer Principal	OWDA North Sewer Interest	OPWC Little Creek Principal	OPWC River Road Emergency Slip
2019	$6,250	$7,500	$14,606	$12,500	$5,983	$2,549	$7,500	$826
2020	6,250	7,500	14,606	12,500	6,072	2,459	7,500	826
2021	6,250	7,500	14,606	12,500	6,164	2,368	7,500	826
2022	6,250	7,500	14,606	12,500	6,257	2,275	7,500	827
2023	6,250	7,500	14,606	12,500	6,351	2,180	7,500	827
2024-2028	0	7,500	29,209	50,000	26,378	9,439	37,500	4,131
2029-2033	0	0	0	0	35,267	6,862	37,500	4,131
2034-2038	0	0	0	0	38,002	4,085	37,500	4,131
2039-2043	0	0	0	0	40,952	1,123	15,000	3,720
Total	$31,250	$45,000	$102,239	$112,500	$171,426	$33,340	$165,000	$20,245

	General Obligation - Governmental		USDA - Airport Hangar		Revenue Bonds 2009		DD Facility Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$120,000	$48,528	$8,000	$10,964	$106,000	$48,769	$11,700	$3,064
2020	116,000	43,030	8,300	10,644	109,800	45,059	12,000	2,673
2021	122,000	37,714	8,700	10,312	113,600	41,216	12,400	2,259
2022	128,000	32,123	9,000	9,964	117,500	37,240	12,900	1,838
2023	135,000	26,258	9,300	9,604	121,700	33,128	13,300	1,399
2024-2028	413,400	40,509	52,800	42,108	675,200	98,704	27,900	1,432
2029-2033	0	0	64,200	30,664	149,600	5,236	0	0
2034-2038	0	0	78,100	16,760	0	0	0	0
2039-2042	0	0	35,700	2,156	0	0	0	0
Total	$1,034,400	$228,162	$274,100	$143,176	$1,393,400	$309,352	$90,200	$12,665

NOTE 18 - LONG-TERM DEBT (Continued)

	OPWC Bridge Replacement & Slayers	Revenue Bond 2015 Principal	Revenue Bond 2015 Interest	OPWC Three Bridge Replacements	OPWC Rapp-Montgomery Road & Bridge	OPWC Multiple Box Culvert Replacement	County Wide Paving Project 2016 Phase I	County Wide Paving Project 2016 Phase II
2019	$11,111	$34,200	$26,830	$18,333	$7,212	$19,390	$70,000	$106,717
2020	11,111	35,400	25,634	18,333	7,212	19,390	70,000	106,717
2021	11,111	36,700	24,254	18,333	7,212	19,390	70,000	106,717
2022	11,111	38,000	22,896	18,333	7,212	19,390	70,000	106,717
2023	11,111	39,500	21,490	18,333	7,212	19,390	70,000	106,717
2024-2028	55,556	219,800	84,553	91,667	36,057	96,949	350,000	533,586
2029-2033	55,556	262,900	40,732	91,667	36,058	96,949	0	0
2034-2038	55,556	58,500	2,165	91,667	36,057	96,949	0	0
2039-2043	11,111	0	0	91,667	18,027	96,949	0	0
2044-2048	0	0	0	36,667	0	38,779	0	0
Total	$233,334	$725,000	$248,554	$495,000	$162,259	$523,525	$700,000	$1,067,171

	Bridge Replacement and Road Improvement	Culvert and Road Improvement	OWDA North Gate Sanitary Sewer Extension Principal	OWDA North Gate Sanitary Sewer Extension Interest	OPWC Boswell Run Road	USDA Bonds - EMS Squads Principal	USDA Bonds - EMS Squads Interest	Six Bridge Replacement
2019	$18,710	$9,520	$2,462	$1,102	$5,000	$74,000	$14,948	$10,000
2020	18,709	9,520	2,499	1,065	5,000	76,900	12,667	10,000
2021	18,710	9,520	2,537	1,027	5,000	79,900	9,653	10,000
2022	18,709	9,520	2,575	989	5,000	83,000	6,556	10,000
2023	18,709	9,520	2,614	950	5,000	86,200	3,340	10,000
2024-2028	93,547	47,600	13,671	4,149	25,000	0	0	50,000
2029-2033	93,547	47,600	14,732	3,088	25,000	0	0	50,000
2034-2038	93,548	47,600	15,875	1,945	25,000	0	0	50,000
2039-2043	93,547	33,683	17,107	713	25,000	0	0	50,000
2044-2048	74,837	0	0	0	22,500	0	0	50,000
Total	$542,573	$224,083	$74,072	$15,028	$147,500	$400,000	$47,164	$300,000

The County's legal margin as of December 31, 2018 is $2,024,922.

Conduit Debt Obligation

The County has served as the issuer of $10,500,000 in adjustable rate health care facilities revenue refunding bonds. The proceeds were used by a private corporation to finance and refinance the acquisition, construction and equipping of certain improvements to existing facilities and will provide hospital facilities. The revenue bonds do not constitute an indebtedness of the County. Neither is the full faith and credit to taxing power of the County pledged to make repayment. As of December 31, 2018, $10,500,000 was still outstanding.

NOTE 19 - NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2018 follows:

	Outstanding at 01/01/18	Issued	Retired	Outstanding at 12/31/18
Capital Projects Funds				
Non-Major Funds				
Fairgrounds Improvement	$31,000	$0	$31,000	$0
Pike Senior Services	186,350	141,350	186,350	141,350
Real Estate	22,495	0	22,495	0
Total Non-Major Capital Project Funds	239,845	141,350	239,845	141,350
Total Governmental Obligations	$239,845	$141,350	$239,845	$141,350

All of the notes are backed by the full faith and credit of Pike County. The note liability is reflected in the fund which received the proceeds and will be retired from the general revenues of the County. All the notes scheduled to mature have interest rates of 3.50 percent.

NOTE 20 – INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers comply with all applicable laws.

Transfers made during the year ended December 31, 2018, were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	$0	$364,005
Board of Developmental Disabilities Fund	0	23,479
Job and Family Services Fund	103,085	42,769
Non-Major Governmental Funds	586,863	259,695
Total All Funds	$689,948	$689,948

NOTE 21 – JOINTLY GOVERNED ORGANIZATIONS

A. Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington Counties and was formed as an insurance purchasing pool for the purpose of providing general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the organization base on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. Pike County does not have any ongoing interest or responsibility in the organization.

Ohio Government Risk Management Plan

The Buckeye Joint-County Self Insurance Council belongs to the Ohio Government Risk Management Plan; an unincorporated non-profit association with approximately 500 public entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage’s, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductible.

The Plan uses conventional insurance coverage’s and reinsures these coverage’s. The Plan retains a small portion of the risk as identified in the Plan’s financials presented on the website at www.ohioplan.com. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

B. Paint Valley Mental Health Alcohol and Drug Addiction Board of Pike, Fayette, Highland, Pickaway and Ross Counties

The Paint Valley Mental Health Alcohol and Drug Addiction Board of Pike, Fayette, Highland, Pickaway and Ross Counties is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies which are applied for and received by the Board of Trustees.

Pike County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pike County has no ongoing financial interest or responsibility. During 2018, Pike County contributed $370,445 to the program.

NOTE 21 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Hocking Valley Community Residential Center

Hocking Valley Community Residential Center is a jointly governed organization created to construct and operate the Center for the rehabilitation of juvenile felony offenders. The multi-county agreement members are Pike, Hocking, Fairfield, Washington, Lawrence, Meigs, Jackson, Athens, Gallia, Vinton and Scioto Counties. The Juvenile Judge of each County is the County's representative to the Board of Advisors which in turns selects the superintendent of the Center.

The participating counties shall not be obligated to furnish funds for the construction or operation of the Center. All funds will be from the State of Ohio. Pike County does not have financial interest or responsibility.

D. South Central Regional Juvenile Detention Center

The South Central Regional Juvenile Detention Center is a jointly governed organization that was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member counties. The current members include Pike, Ross, Jackson, Fayette, Vinton and Highland Counties. The Center's Board consists of one member from each participating county that is appointed by the Juvenile Court Judge or a County Commissioner from each county. The joint Board selects the superintendent as the Center's administrator.

The Center's revenue is from per diem charges for inmates to the respective counties and a percentage of the county tax base to the total tax base. Ross County is the fiscal officer of the Center. Pike County does not have any financial interest or responsibility. During 2018, Pike County contributed $155,154 to the Center.

E. Ohio Valley Resource Conservation and Development Area, Inc.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. were created to aid regional planning to participating counties. Pike County, along with Ross, Vinton, Highland, Brown, Adams, Scioto, Jackson, Gallia, and Lawrence Counties each appoints three members to the thirty member Council. The Council selects an administrator to oversee operations.

Each county contributes $100 annually; other revenues are from USDA grants. Pike County does not have any financial interest or responsibilities nor can it significantly influence the management of the Center.

F. Job Training Partnership Consortium

The Governor has designated Pike, Scioto, Adams, Jackson, Highland and Brown Counties as a Service Delivery Area. A Job Training Partnership Agreement between Pike, Scioto, Adams, Jackson, Highland and Brown Counties Consortium and the Private Industry Council (PIC) was entered into pursuant to the provisions of the Job Training Partnership Act of 1982 (the Act) Public Law 97-300. The objective of the JTPA is to provide job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers. Funds for the operations of the JTPA are received through grant revenue from the State of Ohio. Scioto County has been designated by the PIC, pursuant to Section 103 (b) (1) (B) of the Act, to serve as the grant recipient of all JTPA funds and any other federal, state or private funds which it is legally empowered to accept on behalf of the PIC.

NOTE 21 – <u>JOINTLY GOVERNED ORGANIZATIONS</u> (Continued)

Each Board of County Commissioners must choose a Chief Elected Official (CEO) to represent the County in the JTPA. The CEO is responsible for approving job training plans, grants, policies and operating guidelines for the administration of the programs, delegation of duties for the programs and appointment/termination of the Director of the Job Training Partnership Office. Pike County does not have any financial interest or responsibility.
NOTE 21 – <u>JOINTLY GOVERNED ORGANIZATIONS</u> (Continued)

G. Private Industry Council (PIC)

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Pike, Scioto, Adams, Jackson and Brown Counties appointed by the County Commissioners from each county. The Board of Trustees is the governing board of the PIC. The Board of Trustees elects a President, Vice President, Secretary, Treasurer and an Executive Director. The President may execute, without limitation, contracts, bonds, notes, debentures, deeds, mortgages and other obligations in the name of the PIC. The County does not have any financial interest or responsibility. The Private Industry Council received no contributions from the County during 2018.

H. Southern Ohio Development Initiative

Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not for profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The Counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Initiative received no contributions from the County during 2018.

I. Southern Ohio Council of Governments

The Pike County Board of DD 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 Pike County Board of Developmental Disabilities’ supportive living program monies. The County had a $5,245 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 22 - <u>RELATED ORGANIZATIONS</u>

A. Garnet A. Wilson Library of Pike County

The Garnet A. Wilson Library of Pike County is a political subdivision that is governed by a board of trustees appointed by the County Commissioners. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Library received no contributions from the County during 2018.

B. Pike Metropolitan Housing Authority

The Pike Metropolitan Housing Authority is a political subdivision that consists of five members. One member is appointed by the probate court, one member by the court of common pleas, one member by the board of county commissioners, and two members by the chief executive officer of the most populous city included in the district, in accordance with the last preceding federal census. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Authority received $115,000 from the County during 2018.

C. Pike Adult Activities Center

The Pike Adult Activities Center is a nonprofit organization that is governed by a self appointed Board. The Pike Adult Activities Center provides services to adults in Pike County and has a contract with Pike County Board of DD to provide certain services to these adults. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The amount of payments made by the County to the Pike Adult Activities Center was $203,249 for 2018 for goods and services plus the annual contract amount.

NOTE 23 - <u>CONTINGENT LIABILITIES</u>

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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County’s counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 24 – FUND BALANCES

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

	General	Motor Vehicle & Gas Tax	Board of Developmental Disablilites	Job and Family Services	All Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials & Supplies Inventory	$4,780	$352,674	$0	$0	$1,650	$359,104
Prepaid Items	48,834	54	26,162	25,821	62,281	163,152
Unclaimed Monies	310,443	0	0	0	0	310,443
Total Nonspendable	364,057	352,728	26,162	25,821	63,931	832,699
Restricted:						
Loans	0	0	0	0	812,073	812,073
Capital Projects	0	0	0	0	395,109	395,109
Debt Service	0	0	0	0	43,489	43,489
Community Development	0	0	0	0	1,355,676	1,355,676
Human Services	0	0	0	454,132	0	454,132
Law Enforcement	0	0	0	0	185,922	185,922
Children Services	0	0	0	0	1,019,491	1,019,491
Child Support Enforcement	0	0	0	0	555,690	555,690
Motor Vehicle Gas Tax	0	2,723,189	0	0	0	2,723,189
Court Services	0	0	0	0	380,989	380,989
Senior Citizens	0	0	0	0	625,156	625,156
Board of Developmental Disabilities	0	0	4,528,245	0	0	4,528,245
Emergency Medical Services	0	0	0	0	134,718	134,718
Real Estate Assessment	0	0	0	0	496,977	496,977
Other Federal and State Programs	0	0	0	0	1,481,194	1,481,194
Total Restricted	0	2,723,189	4,528,245	454,132	7,486,484	15,192,050
Assigned:						
Future Appropriations	2,330,420	0	0	0	0	2,330,420
Certificate of Title	540,770	0	0	0	0	540,770
General Government	11,334	0	0	0	0	11,334
Total Assigned	2,882,524	0	0	0	0	2,882,524
Unassigned	3,477,090	0	0	0	(127,080)	3,350,010
Total Fund Balances	$6,723,671	$3,075,917	$4,554,407	$479,953	$7,423,335	$22,257,283

NOTE 25 – SUBSEQUENT EVENTS

The Auditor of State is currently conducting an investigation related to the County Sheriff's Office. As of the date of this report, the investigation is ongoing. Depending on the outcome, the results of the investigation may be reported at a later date.

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Pike County, Ohio

Required Supplementary Information

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

Ohio Public Employees Retirement System - Traditional Plan

Last Five Years

	2017	2016	2015	2014	2013
Pension (1)					
County's Proportion of the Net Pension Liability	0.08920600%	0.08211700%	0.07815200%	0.06118300%	0.06118300%
County's Proportionate Share of the Net Pension Liability	$13,994,692	$18,647,375	$13,536,912	$7,379,353	$7,212,679
County Covered-Employee Payroll	$11,698,363	$11,724,872	$8,441,166	$7,810,197	$10,615,575
County's Proportionate Share of the Net Pension Liability as a Precentage of its Covered-Employee Payroll	119.63%	159.04%	160.37%	94.48%	67.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
OPEB (2)					
County's Proportion of the Net OPEB Liability	0.08441000%	0.07828690%	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Liability	$9,166,304	$7,907,243	N/A	N/A	N/A
County Covered-Employee Payroll	$11,698,363	$11,724,872	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Liability as a Precentage of its Covered-Employee Payroll	78.36%	67.44%	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%	N/A	N/A	N/A

(1) Information prior to 2013 is not available.
(2) Information prior to 2016 is not available.

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

Pike County, Ohio
Required Supplementary Information
Schedule of the County's Proportionate Share of Net Pension/OPEB Liability
State Teachers Retirement System of Ohio
Last Six years

	2018	2017	2016	2015	2014	2013
Pension (1)						
County's Proportion of the Net Pension Liability	0.00171992%	0.00208900%	0.00212676%	0.00225361%	0.00207886%	0.00207886%
County's Proportionate Share of the Net Pension Liability	$378,172	$496,246	$711,891	$622,832	$505,651	$602,328
County Covered-Employee Payroll	$189,907	$217,900	$232,564	$241,557	$251,031	$230,200
County's Proportionate Share of the Net Pension Liability as a Precentage of its Covered-Employee Payroll	199.14%	227.74%	306.11%	257.84%	199.84%	261.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.09%	74.71%	69.30%
OPEB (2)						
County's Proportion of the Net OPEB Liability	0.00171992%	0.00208900%	N/A	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Asset	$27,637	$0	N/A	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Liability	$0	$81,505	N/A	N/A	N/A	N/A
County Covered-Employee Payroll	$189,907	$217,900	N/A	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Asset/Liability as a Precentage of its Covered-Employee Payroll	-14.55%	37.40%	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.11%	N/A	N/A	N/A	N/A

(1) Information prior to 2013 is not available.
(2) Information prior to 2017 is not available.

Amounts presented as of the County's Fiscal Year.

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

	2018	2017	2016	2015	2014
OPERS - Law Enforcement					
Contractually Required Contribution	$212,819	$239,362	$203,271	$154,474	$113,628
Contributions in Relation to the Contractually Required Contribution	(212,819)	(239,362)	(203,271)	(154,474)	(113,628)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered-Employee Payroll	$1,175,796	$1,399,778	$1,262,553	$959,466	$705,764
Contributions as a Percentage of Covered-Employee Payroll	18.10%	17.10%	16.10%	16.10%	16.10%
OPERS - All Others					
Contractually Required Contribution	$1,348,819	$1,338,816	$838,310	$897,804	$852,532
Contributions in Relation to the Contractually Required Contribution	(1,348,819)	(1,338,816)	(838,310)	(897,804)	(852,532)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered-Employee Payroll	$9,634,421	$10,298,585	$6,985,917	$7,481,700	$7,104,433
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	12.00%	12.00%	12.00%

2013	2012	2011	2010	2009
$170,509	$155,148	$140,654	$153,664	$148,026
(170,509)	(155,148)	(140,654)	(153,664)	(148,026)
$0	$0	$0	$0	$0
$997,129	$1,100,340	$997,546	$1,193,970	$1,220,330
17.10%	14.10%	14.10%	12.87%	12.13%
$1,250,398	$1,137,753	$1,031,463	$1,126,870	$1,085,526
(1,250,398)	(1,137,753)	(1,031,463)	(1,126,870)	(1,085,526)
$0	$0	$0	$0	$0
$9,618,446	$11,377,530	$10,314,630	$12,520,778	$12,770,894
13.00%	10.00%	10.00%	9.00%	8.50%

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

	2018	2017	2016	2015	2014
OPERS - Law Enforcement					
Contractually Required Contribution	$0	$13,998	$25,251	$19,187	$14,115
Contributions in Relation to the Contractually Required Contribution	0	(13,998)	(25,251)	(19,187)	(14,115)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered-Employee Payroll	$1,175,796	$1,399,778	$1,262,553	$959,466	$705,764
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.00%	2.00%	2.00%	2.00%
OPERS - All Others					
Contractually Required Contribution	$0	$102,986	$139,718	$149,634	$142,089
Contributions in Relation to the Contractually Required Contribution	0	(102,986)	(139,718)	(149,634)	(142,089)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered-Employee Payroll	$9,634,421	$10,298,585	$6,985,917	$7,481,700	$7,104,433
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.00%	2.00%	2.00%	2.00%

Amounts presented as of the County's Fiscal Year.

2013	2012	2011	2010	2009
$9,971	$44,014	$39,902	$47,759	$48,813
(9,971)	(44,014)	(39,902)	(47,759)	(48,813)
$0	$0	$0	$0	$0
$997,129	$1,100,340	$997,546	$1,193,970	$1,220,330
1.00%	4.00%	4.00%	5.00%	5.50%
$96,184	$455,101	$412,585	$500,831	$510,836
(96,184)	(455,101)	(412,585)	(500,831)	(510,836)
$0	$0	$0	$0	$0
$9,618,446	$11,377,530	$10,314,630	$12,520,778	$12,770,894
1.00%	4.00%	4.00%	5.00%	5.50%

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

	2018	2017	2016	2015	2014
Pension					
Contractually Required Contribution	$26,587	$30,506	$32,559	$33,818	$32,894
Contributions in Relation to the Contractually Required Contribution	(26,587)	(30,506)	(32,559)	(33,818)	(32,894)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered-Employee Payroll	$189,907	$217,900	$232,564	$241,557	$253,031
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%
OPEB					
Contractually Required Contribution	$0	$0	$0	$0	$2,530
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	(2,530)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered-Employee Payroll	$189,907	$217,900	$232,564	$241,557	$253,031
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	1.00%

Amounts presented as of the County's Fiscal Year.

2013	2012	2011	2010	2009
$29,926	$25,319	$22,354	$20,811	$13,315
(29,926)	(25,319)	(22,354)	(20,811)	(13,315)
$0	$0	$0	$0	$0
$230,200	$194,762	$171,954	$160,085	$102,423
13.00%	13.00%	13.00%	13.00%	13.00%
$2,302	$1,948	$1,720	$1,601	$1,024
(2,302)	(1,948)	(1,720)	(1,601)	(1,024)
$0	$0	$0	$0	$0
$230,200	$194,762	$171,954	$160,085	$102,423
1.00%	1.00%	1.00%	1.00%	1.00%

NOTE 1 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in Assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25% - 10.02% to 3.25% - 10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Other Postemployment Benefits

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018 there were no changes in assumptions.

Other Postemployment Benefits

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018 there were no changes in assumptions.

PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor / Pass through Grantor / Program Title	Federal CFDA Number	Pass-Through Grant Number	Pass-Thru Subrecipient	Expenditures
U.S. Department of Agriculture				
Passed through Ohio Department of Job and Family Services:				
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Prc	10.561	G-1819-11-5567	$0	$339,594
Total Supplemental Nutrition Assistance Program Cluster			0	339,594
Direct from Federal Government:				
Community Facilities Loans and Grants Cluster:				
Community Facilities Loans and Grants	10.766	N/A	0	450,000
Total Community Facilities Loan and Grants Cluster			0	450,000
Total U.S. Department of Agriculture			0	789,594
U.S. Department of Transportation				
Direct from the Federal Government:				
Airport Improvement Program	20.106	3-39-088-013-2017	0	26,805
Total Airport Improvement Program			0	26,805
Passed Through Ohio Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PID #103460	0	7,750
Highway Planning and Construction	20.205	PID #106255	0	1,562
Highway Planning and Construction	20.205	PID #106861	0	2,795
Highway Planning and Construction	20.205	PID #108129	0	6,032
Highway Planning and Construction	20.205	PID #108262	0	29,628
Highway Planning and Construction	20.205	PID #108463	0	1,500
Total Highway Planning and Construction Cluster			0	49,267
Total U.S. Department of Transportation			0	76,072
U.S. Department of Education				
Passed through Ohio Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	6B-SF	0	17,498
Total Special Education Cluster			0	17,498
Passed through Ohio Department of Disabilities:				
Special Education Grants for Infants and Families	84.181	H181A160024	0	14,367
Special Education Grants for Infants and Families	84.181	H181A170024	0	20,422
Total Special Education Grants for Infants and Families			0	34,789
Total U.S. Department of Education			0	52,287
U.S. Department of Homeland Security				
Passed through Ohio Emergency Management Agency:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4360-DR-131USEYE	0	209,959
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			0	209,959
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01	0	19,325
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01	0	24,675
Total Emergency Management Performance Grants				44,000
Total U.S. Department of Homeland Security			0	253,959
U.S. Department of Election Assistance Commission				
Passed through the Ohio Secretary of State:				
Help America Vote Act Election Security Grant	90.404	N/A	0	4,477
Total U.S. Department of Election Assistance Commission			0	4,477

(Continued)

PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Federal CFDA Number	Pass-Through Grant Number	Pass-Thru Subrecipient	Expenditures
U.S. Department of Justice				
Passed through Ohio Office of Criminal Justice Services:				
Crime Victim Assistance	16.575	2018-VOCA-109857811	0	15,493
Crime Victim Assistance	16.575	2019-VOCA-109857811	0	7,431
Total U.S. Department of Justice			0	22,924
U.S. Department of Health and Human Services				
Passed through Ohio Department of Job and Family Services:				
Promoting Safe and Stable Family	93.556	N/A	0	9,405
Child Support Enforcement	93.563	G-1819-11-5567	0	310,717
Child Welfare Services - State Grants	93.645	N/A	0	55,810
Foster Care Title IV-E	93.658	N/A	0	712,871
Adoption Assistance	93.659	N/A	0	160,482
Children's Health Insurance Program	93.767	G-1819-11-5567	0	4,068
Temporary Assistance for Needy Families Cluster:				
Temporary Assistance for Needy Families	93.558	G-1819-11-5567	245,957	1,473,365
Total Temporary Assistance for Needy Families Cluster			245,957	1,473,365
Child Care and Development Block Grant Cluster:				
Child Care and Development Block Grant	93.575	G-1819-11-5567	0	64,332
Total Child Care and Development Block Grant Cluster			0	64,332
Passed through Ohio Department of Job & Family Services:				
Medical Assistance Program Cluster:				
Title XIX	93.778	G-1819-11-5567	0	608,679
Passed through Ohio Department of Developmental Disabilities:				
Medical Assistance Program:				
Title XIX Medicaid Administrative Claiming	93.778	N/A	0	213,766
Total Medical Assistance Program Cluster			0	822,445
Passed through Ohio Department of Job & Family Services:				
Social Services Block Grant	93.667	G-1819-11-5567	0	359,886
Passed through Ohio Department of Developmental Disabilities:				
Social Services Block Grant	93.667	N/A	0	19,908
Total Social Services Block Grant			0	379,794
Passed through the Ohio Department of Health:				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting P	93.505	06610021MH0218		372,877
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting P	93.505	06610021MH0319	0	76,256
Total Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program			0	449,133
Total U.S. Department of Health and Human Services			245,957	4,442,422
Total Federal Awards Expenditures			$245,957	$5,641,735

See the accompanying notes to the schedule of federal awards expenditures.

NOTE A – BASIS OF PRESENTATION

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, or 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 Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

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

NOTE D – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County’s local program income accounts as of December 31, 2018 are $270,697 for CDBG and $15,880 for HOME.

NOTE E – COUNTY BOARD OF DEVELOPMENTAL DISABILITIES COST REPORT SETTLEMENT MAC AMOUNT

During the calendar year, the County Board of Developmental Disabilities received a settlement payment for the 2014 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of $3,880. 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 Expenditures of Federal Awards since the underlying expenses occurred in a prior reporting period.

NOTE F – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2018, the County made allowable transfers of $200,000 from the Social Services Block Grant (SSBG) (93.667) program to Temporary Assistance for Needy Families (TANF) (93.558) program. The Schedule shows the County spent approximately $214,614 on the Social Services Block Grant program. The amount reported for the Social Services Block Grant program on the Schedule excludes the amount transferred to TANF program. The amount transferred to the TANF program is included as TANF expenditures when disbursed. The following table shows the gross amount drawn for the Social Services Block Grant program during fiscal year 2018 and the amount transferred to the Temporary Assistance for Needy Families program.

Social Services Block Grant	$414,614
Transferred to Temporary Assistance for Needy Families	(200,000)
Total Social Services Block Grant	$214,614

OHIO AUDITOR OF STATE
KEITH FABER

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

Pike County
230 Waverly Plaza
Waverly, Ohio 45690

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 13, 2020, wherein we noted that the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

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 Government'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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2018-002 and 2018-003.

County*'s Response to Findings*

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings 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.

Keith Faber
Auditor of State

Columbus, Ohio

April 13, 2020

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

Pike County
230 Waverly Plaza
Waverly, Oho 45690

To the Board of County Commissioner:

Report on Compliance for the Major Federal Program

We have audited Pike 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 Pike County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for the County's major federal program 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 the County's major program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Programs

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

April 13, 2020

PIKE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	93.558 Temporary Assistance for Needy Families Cluster 93.667 Social Service Block Grant 93.778 Medical Assistance Program
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We noted the following conditions in the following opinion units related to the County's accounting and financial reporting:

Governmental Activities

- The County understated Intergovernmental Receivable and Operating Grants and Contributions in the amount of $754,332.
- The County understated Intergovernmental Receivable and Capital Grants and Contributions in the amount of $652,015.
- The County overstated Property Taxes Levied for General purposes by $3,135 and understated Taxes Receivable by $225,720 and Property Taxes not Levied to Finance Current Year Operations by $228,855, respectively.
- The County understated Long-term Liabilities Due within One Year by $184,215 and overstated Long-term Liabilities Due in More than One Year by $84,912, Public Work Expenditures by $125,332, and Capital Grants and Contributions by $224,635, respectively.

General Fund

- The County overstated Unavailable Revenue by $3,135, understated Taxes Receivable by $225,720 and Property Taxes not Levied to Finance Current Year Operations by $228,855, respectively.
- The County overstated Interfund Receivable and understated Equity Fund Balance by $18,714.

Motor Vehicle and Gas Tax Fund

- The County overstated Principal Retirement and understated Public Works expenditures in the amount of $6,250.

Job and Family Services Fund

- The County understated Intergovernmental Receivable and Intergovernmental Revenue in the amount of $507,332.

FINDING NUMBER 2018-001
(Continued)

Remaining Fund Information

- The County overstated Intergovernmental Revenue by $224,635 and Capital Outlay by $131,582, respectively. The County also understated OPWC Loans Issued by $258,109 and Principal Retirement by $165,056, respectively.

- The County overstated Interfund Payables and understated Equity Fund Balance by $18,714.

- The County understated Intergovernmental Receivables in the amount of $899,015, Unavailable Revenue in the amount of $884,815 and Intergovernmental Revenue in the amount of $14,200.

Sewer Fund

- The County overstated Intergovernmental Revenue by $15,694.

- The County overstated Loans Receivable and understated OPWC Loans Issued by $15,694.

- The county overstated Non-Depreciable Capital Assets and understated Contractual Services by $98,041.

- The County overstated Non-Depreciable Capital Assets and understated Depreciable Capital Assets by $459,336.

- The County understated Deferred Outflows by $3,553 and Net Pension Liability by $84,598.

The County has posted these adjustments to the financial statements and accounting records where appropriate.

We also noted the following conditions in the following opinion units related to the County's accounting and financial reporting that were not adjusted in the financial statements and accounting records:

Governmental Activities

- The County made errors in financial reporting in the Statement of Net Position balances and Statement of Activities transaction line item accounts in amounts ranging from $1,800 to $400,000.

General Fund

- The County made errors in financial reporting in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance in amounts ranging from $10,000 to $200,000.

Motor Vehicle and Gas Tax Fund

- The County made errors in financial reporting in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance in amounts ranging from $4,216 to $26,890.

Board of Developmental Disabilities Fund

- The County made errors in financial reporting in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance in amounts ranging from $23,657 to $118,787.

FINDING NUMBER 2018-001
(Continued)

Remaining Fund Information

- The County made errors in financial reporting in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance in amounts ranging from $1,800 to $72,937.

Sewer Fund

- The County made errors in financial reporting in the Statement of Net Position balances and Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance in amounts ranging from $3,936 to $15,174.

Inaccurate recording of transactions reduces management's ability to monitor County resources and increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend that the County accurately report financial transactions that reflect their accounting records.

Officials' Response:

The County is working with each department to ensure they are correctly coding items for the new accounting system to avoid errors.

FINDING NUMBER 2018-002

Material Weakness/Noncompliance

Ohio Admin. Code § 117-2-02(A) requires the County to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The County is also responsible for the design and implementation of an internal control process that provides reasonable assurance as to the integrity of its financial reporting and the efficiency and effectiveness of its operations.

The County did not maintain complete records of capital assets and related depreciation that supported amounts presented in the financial statements.

During our audit we identified errors requiring the following adjustments:

FINDING NUMBER 2018-002
(Continued)

Governmental Type Activities	*Additions Adjustments*	*Deletions Adjustments*	*Net Adjustments*
Land	$19,309	$0	$19,309
Construction in Progress	(467,314)	(2,616,454)	(3,083,768)
Total Nondepreciable Capital Assets	(448,005)	(2,616,454)	(3,064,459)
Furniture and Fixtures	5,756	0	5,756
Buildings and Improvements	127,191	0	127,191
Machinery and Equipment	28,796	0	28,796
Vehicles	0	(44,530)	(44,530)
Infrastructure	(1,436,339)	(20,278)	(1,456,617)
Total Depreciable Capital Assets	(1,274,596)	(64,808)	(1,339,404)
Furniture and Fixtures	(5,029)	0	(5,029)
Buildings and Improvements	(12,388)	0	(12,388)
Machinery and Equipment	(4,569)	0	(4,569)
Vehicles	(14,096)	44,530	30,434
Infrastructure	1,745,636	9,550	1,755,186
Total Accumulated Depreciation	1,709,554	54,080	1,763,634
Depreciable Capital Assets, Net	434,958	(10,728)	424,230
Governmental Activities Capital Assets, Net	$(13,047)	$(2,627,182)	$(2,640,229)

Business Type Activities	*Additions Adjustments*	*Deletions Adjustments*	*Net Adjustments*
Construction in Progress	$(98,041)	$(459,336)	$(557,377)
Total Nondepreciable Capital Assets	(98,041)	(459,336)	(557,377)
Infrastructure	459,336	0	459,336
Total Depreciable Capital Assets	459,336	0	459,336
Depreciable Capital Assets, Net	459,336	0	459,336
Business Type Activities Capital Assets, Net	$361,295	$(459,336)	$(98,041)

Failure to maintain detailed, accurate and complete capital assets records could result in difficulties locating assets, monitoring useful lives, and ensuring adequate reporting of asset activity. This could also result in financial statement errors, and increases the risk of undetected loss or misappropriation of County capital assets.

The County has corrected the financial statements and capital asset records for these errors.

We recommend the following related to capital assets:

- Review of the County policy on capital assets to ensure it is designed to document the initial receipt of donated assets, accurately value purchased assets, record accurate depreciation, record accurate disposals, and help ensure accuracy and completeness of their capital asset records continuously throughout the year.

**FINDING NUMBER 2018-002
(Continued)**

- Implement procedures to support policy compliance.
- Maintain capital asset information sufficient to account for specific assets.
- Ensure that capital asset activity and balances are accurately reflected in the financial statements.
- Record capital asset additions and deletions in the year the transaction occurs and maintain documentation of the asset purchase.
- Remove discarded or sold assets from the asset system, and re-evaluate the useful life of fully depreciated assets.
- Monitor capital asset listings to capital assets in the various departments.
- Maintain effective Construction-In-Progress records, which should be by asset classification and include each cost under the appropriate asset classification so that all Construction-In-Progress in detail is recorded.

Officials' Response:

The County is working with each department to ensure they are maintaining capital asset additions, deletions and construction in progress records.

FINDING NUMBER 2018-003

Noncompliance/Material Weakness

The County Auditor was required to complete a sexennial reappraisal of all real property in tax year 2017, for which taxes were collected in 2018, in accordance with **Ohio Rev. Code §§ 5713.01 – 5713.02**.

On January 15, 2015 the Ohio Department of Taxation issued **Journal Entry Number 14-12-0497** requiring that the County Auditor, under provisions of **Ohio Rev. Code §§ 5715.33 and 5715.34**, to complete the sexennial reappraisal of all real property for tax year 2017 by March 31, 2017.

Ohio Admin. Code § 5703-25-16 requires the County Auditor to submit a tentative abstract documenting the results of the reappraisal to the Ohio Department of Taxation by the second Monday in June. The former County Auditor chose Tyler Technologies to serve as the reappraisal project manager, and used the Tyler Technologies property software for the recording and accounting of all reappraisal values. **Exhibit C, Statement of Work, Subsection 5** of the reappraisal contract with Tyler Technologies required the reappraisal to be completed by March 31, 2017. **Section (G)(3)** of the contract further assesses a penalty of liquidated damages of $200 per business day for each day beyond that date the appraisal remains incomplete. **Ohio Admin. Code § 5703-25-08(F)(5)** prohibits the issuance of any payments to the appraisal vendor following the missed completion date without the permission of the county prosecutor and the tax commissioner.

Ohio Rev. Code §§ 319.29 - 319.53 defines the duties of the County Auditor in the tax collection process. The County Auditor is required to submit a list of properties, assessed values and taxes assessed on those properties (referred to as a tax duplicate) to the County Treasurer for collection on or before the third Monday of August, annually.

FINDING NUMBER 2018-003
(Continued)

Ohio Rev. Code §§ 5713.30 - 5713.99 prescribes the requirements and procedures for participation in the Current Agricultural Use Valuation (CAUV) tax reduction program. Parcel owners who qualify to participate are required to complete an initial application for the first year and a renewal application for each year thereafter to remain in the program.

Ohio Rev. Code § 5715.34 (C) establishes the penalty for failure to complete a reappraisal in a timely manner:

> "If the county auditor refuses, neglects, or fails to commence a reassessment within sixty days after receiving such order, or refuses, neglects, or fails to complete the reassessment within the time limit prescribed and set forth in such order, the tax commissioner shall withhold from such county its share in the distribution of state revenue to local government pursuant to section 5747.50 of the Revised Code and shall direct the department of education to withhold therefrom its share in the distribution of state revenue to school districts pursuant to Title XXXIII [33] of the Revised Code. The commissioner shall withhold the distribution of such funds until such county auditor has complied with all the provisions of this section, and the department shall withhold the distribution of such funds until the commissioner has notified the department that such auditor has complied with all of the provisions of this section."

Ohio Rev. Code § 323.152(A) prescribes the requirements and procedures for participation in the Homestead reduction program. Parcel owners who participate in the program must meet the following requirements: (i)A person who is permanently and totally disabled; (ii)A person who is sixty-five years of age or older; (iii)A person who is the surviving spouse of a deceased person who was permanently and totally disabled or sixty-five years of age or older and who applied and qualified for a reduction in taxes under this division in the year of death, provided the surviving spouse is at least fifty-nine but not sixty-five or more years of age on the date the deceased spouse dies. Additionally, the parcel owner must occupy the parcel.

Ohio Rev. Code §§ 323.152(B)-(E) prescribes the requirements and procedures for participation in the Homestead reduction program. Parcel owners who participate in the program must reside on the parcel as their primary residence.

We identified the following noncompliance and control weaknesses related to the 2017 reappraisal, 2017 tax duplicate, and the 2018 tax duplicate and subsequent 2019 tax collections:

Reappraisal

- The County did not complete the reappraisal by the March 31, 2017 required completion date and did not submit the tentative abstract of values to the Ohio Department of Taxation by the second Monday in June 2017. On October 6, 2017, the Ohio Department of Taxation sent a letter to the former County Auditor's office regarding the reappraisal and abstract of values. The letter stated that if the County could not complete the reappraisal by November 3, 2017, ". . . we will have no choice but to begin the process of invoking the penalties described . . . in Revised Code Section 5715.34 (C)." The former County Auditor completed the reappraisal and submitted the abstract of values to the Ohio Department of Taxation on November 6, 2017.

- The County issued payments to Tyler Technologies after the missed completion date, and did not assess a penalty of $200 dollars per business day for each day beyond the date the appraisal remained incomplete.

FINDING NUMBER 2018-003
(Continued)

- The former County Auditor recorded the reappraisal data using software designed by Tyler Technologies; however, the Tyler Technologies software did not calculate taxes due and prepare the 2017 tax duplicate required for the County Treasurer. The County Treasurer maintained tax duplicate and collection records using McDonald Friedburg Carr and Dixon (MFCD) software. The County contracted with Tyler Technologies to convert the property values resident in the Tyler Technologies software into a format compatible with MFCD software and calculate the tax duplicate for the County Treasurer. The 2017 tax duplicate was provided to the County Treasurer on January 22, 2018 rather than the required date of the third Monday of August, 2017.

- Certain property types did not transfer correctly.

2018 Property Tax Duplicate and 2019 Billings and Collections

- The County did not compare the gross tax due calculated by the Tyler Technologies system to the gross tax due calculated by the MFCD system after conversion. Auditors identified $4,108,093 in gross taxes due that were not calculated as due by the MFCD system on 90 Personal Public Utility parcels. The County manually added those amounts to the MFCD system and ultimately billed the taxes.

- By the close-out of the 2018 collections, the net difference in gross tax due as calculated by the Tyler Technologies and MFCD systems was $5,526 and related to 197 parcels. We sampled 20 of the 197 parcels and identified 20 parcels, or 55%, where the gross tax due was correct in the Tyler Technologies system, 5 parcels, or 25%, where the gross tax due was correct in MFCD, and 4 parcels, or 20%, where the gross tax due was not substantiated. As of date of this report, these are still variances between the systems.

- The former County Auditor maintained tax data and prepared the tax duplicate using software designed by Tyler Technologies. The County Treasurer maintained tax duplicate and collection records using MFCD software. The County contracted with Tyler Technologies to convert the tax duplicate in the Tyler Technologies software into a format compatible with MFCD software for the County Treasurer. The 2018 tax duplicate was provided to the County Treasurer on February 13, 2019 rather than the required date of the third Monday of August, 2018.

Current Agricultural Use Value documentation

- We selected a sample of 58 of the 3,287 parcels removed from the CAUV program in Tax Year 2017 (Collection Year 2018) to determine if the individuals had filed an application, or had filed and did not qualify. Of the 58 parcels sampled, four parcels, or 7%, had applications on file. All four applications were denied with no reason indicated on the application. We found that of those four parcels, two had been added to CAUV in Tax Year 2019 (Collection Year 2020).

- Of the 3,287 parcels removed from CAUV, 638 were added back in Tax Year 2018 (Collection Year 2019). We selected a sample of 54 properties to determine if those individuals qualified for CAUV savings for Tax Year 2017 and Tax Year 2018. Of the 54 sampled, 52 parcels, or 96%, did not have a CAUV application on file for Tax Year 2017. Of the 54 sampled, 38 parcels, or 70%, did not have an application on file for Tax Year 2018. 36 parcels, or 67%, did not have an application on file for both years. We reviewed all related parcels with no applications on file, and per review we determined that it was reasonable that those parcels would have qualified for CAUV savings. Additionally through the remitter process all properties received CAUV savings for both tax years.

FINDING NUMBER 2018-003
(Continued)

- There were 1,798 properties that remained in the CAUV program for both Tax Year 2017 and Tax Year 2018. We selected a sample of 58 of those properties to verify that the County had an approved application on file and identified 16 parcels, or 28%, that did not have a CAUV application on file for 2017, and 29 parcels, or 50%, that did not have a CAUV application on file for 2018, and 7 parcels, or 12%, that did not have an application on file for either tax year. We reviewed all related parcels with no applications on file, and per review we determined that it was reasonable that those parcels would have qualified for CAUV savings.

Remitters

- The former County Auditor issued remitters to correct clerical errors. In fiscal year 2018, the former County Auditor, as required by Ohio Rev. Code § 5713.19, issued 4,003 remitters, totaling an estimated $1,200,891 in reduction in tax value for "clerical corrections" to the reappraisal. The Auditor of State sampled 58 remitters and identified 24 remitters, or 41%, that had a reason documented, but did not have support for the correction, and 15, or 26%, had neither a reason nor support documented. The majority of remitters were for correction of building and land values to amounts comparable to the prior year amount paid. Additionally, the Auditor of State found that the property owner identified on 16 remitters, or 10%, did not agree to current property owners identified in MFCD. We determined that the remitters contain correct property owner and MFCD was not updated during transfer of properties.

- The 4,003 remitters generated 1,097 refunds totaling $252,065 in fiscal year 2018. Of those refunds, two checks had transpositions, totaling $107.91, and four checks were issued twice totaling $504.46. The Auditor of State sampled 51 refunds and identified that 21, or 41%, refunds did not have support maintained with remitters.

Tax Reduction Documentation

- We identified 408 parcels totaling $133,551 in tax reduction which had duplicate names or addresses and received the Homestead credit for taxes collected in 2018. Homestead Reduction requires that the person occupy the residence, therefore parcels which hold duplicate names or mailing addresses may not be eligible for the tax reduction. We sampled 22 instances of duplications totaling $15,384 in tax reduction, and identified: five instances which had duplicate names or addresses and all parcels should have received homestead credit; five instances where none of the parcels should have received credit; and12 instances where one or more parcels should not have received the credit and one parcel listed should have received the credit. Parcels which should not have received the credit totaled $7,508 in tax reduction, resulting in a projected $67,881 of unallowable tax reductions. The County does not have procedures to ensure parcels receiving homestead credit are not held by duplicate owners or addresses.

- We identified 1,832 parcels totaling $45,576 in tax reduction which had duplicate names or addresses and received the Owner Occupied credit for taxes collected in 2018. Owner Occupied Reduction requires that the person occupy the residence, therefore parcels which hold duplicate names or mailing addresses may not be eligible for the tax reduction. The Auditor of State sampled 22 instances of duplications, totaling $3,749 in savings and identified: five instances which had duplicate names or addresses and all parcels should have received owner occupied credit; eight instances where none of the parcels should have received credit and nine instances where one or more parcels which should have not received the credit and one parcel listed should have received the credit. Parcels which should not have received the credit totaled $347 in tax reduction, resulting in a projected $4,223 of unallowable tax reductions. The County does not have procedures to ensure parcels receiving Owner Occupied credits are not held by duplicate owners or addresses.

FINDING NUMBER 2018-003
(Continued)

The County serves as a service organization for assessing and collecting property tax for all tax subdivisions within the County. Inaccurate property valuations and billings could result in subdivisions receiving inaccurate payment of property tax and modified audit opinions on subdivision financial statements because auditors cannot test the accuracy and completeness of property tax receipts.

If the County does not address the above issues, the potential exists for material errors in the financial statements in the future.

The County Auditor and County Treasurer should work together with the Department of Taxation to correct errors in property valuations and taxes, and determine if other errors or problems exist in the reappraisal and taxation process. The County should use the knowledge gained during the reappraisal process to develop and implement appropriate controls. The County should either implement compatible systems in the County Auditor and County Treasurer offices, or develop controls to ensure that both systems contain identical information. The County should document and maintain documentation for all changes to the values abstract, duplicate, and tax reduction programs. Additionally, the County should develop controls to ensure that homestead and owner occupancy are not given to duplicate parcel owners.

Officials' Response:

The County will work with the Ohio Department of Taxation to ensure proper tax collection.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2018-004

Finding for Recovery

Ohio Rev. Code § 325.19(C) states that "An employee is entitled to compensation, at the employee's current rate of pay, for the prorated portion of any earned by unused vacation leave for the current year to the employee's credit at time of separation, and in addition shall be compensated for any unused vacation leave accrued to the employee's credit, with the permission of the appointing authority, for three years immediately preceding the last anniversary date of employment". The County Auditor has established a vacation leave policy, policy 5.03 for department employees. This policy indicates that vacation can only be carried over for three years, which is less than the maximum time allowed by the Ohio Revised Code.

Ohio Rev. Code § 325.19(F) states "notwithstanding this section or any other section of the Revised Code, any appointing authority of a county office, department, commission, board, or body may, upon notification to the board of county commissioners, establish alternative schedules of vacation leave and holidays for employees of the appointing authority for whom the state employment relations board has not established an appropriate bargaining unit pursuant to section 4117.06 of the Revised Code, as long as the alternative schedules are not inconsistent with the provisions of at least one collective bargaining agreement covering other employees of that appointing authority, if such an agreement exists. If no such collective bargaining agreement exists, an appointing authority, upon notification to the board of county commissioners, may establish an alternative schedule of vacation leave and holidays for its employees that *does not diminish* the vacation leave and holiday benefits granted by this section."

FINDING NUMBER 2018-004
(Continued)

An auditor's department employee received a severance payment in which that person was paid out for vacation leave of more than the three years immediately preceding the employee's last anniversary date, as noted in Ohio Rev. Code §325.19. This resulted in an overpayment of $1,154.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sherry Johnson in the amount of $1,154 and in favor of the Pike County Real Estate Assessment Fund in the amount of $1,154.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

The former County Auditor signed the warrant resulting in the improper payment. Former County Auditor, Erica Snodgrass, and her bonding company, Selective Insurance Company of America, will be jointly and severally liable in the amount of $1,154 and in favor of the Pike County Real Estate Assessment Fund.

Therefore, we recommend the County Auditor review and clarify the policy and ensure payout calculations conform to the policy of the department for whom the employee works.

Officials' Response:

The County Auditor will review the policy to ensure the payout calculations conform with the policy for which the department the employee works.

FINDING NUMBER 2018-005

Finding for Recovery

Governmental entities, without regard to their specific nature, may not expend public monies unless they are for a proper (i.e. valid) public purpose.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that governmental expenditures should serve a public purpose. In McClure, the Ohio Supreme Court offered the following guidelines to determine a public purpose:

- Whether the expenditure is for or promotes the public health, safety, morals or general welfare;
- Whether the primary objective is to promote a public purpose, although it may incidentally advance a private interest;
- If there has been a prospective legislative determination of a proper public purpose.

The normal process is for County Auditor employees to clock in and out in order to track their time to be compensated. Routinely employees clock in and out using their fingerprints.

The Pike County Auditor's office was closed February 22, 2019. The only notice given for this closure was a posting on the office door. Employees were paid for working this day, though they were not in the office. Time clock reports show that working hours for this day were manually input, which is not the normal process.

FINDING NUMBER 2018-005
(Continued)

Time sheets and Time Clock reports show the following employees were paid for working on February 22, 2019:

- Sarah Rittenour was paid for 7.17 hours.
- Karlena Reinhard was paid for 8 hours.
- Breanna Obetz was paid for 8 hours.
- Patches Martin was paid for 8 hours.
- Wendy Sevens was paid for 7.48 hours.
- Misty Bushatz was paid for 4.37 hours.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sarah Rittenour in the amount of $125 and in favor of the Pike County Real Estate Assessment Fund in the amount of $125.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Karlena Reinhard in the amount of $158 and in favor of the Pike County General Fund in the amount of $158.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Breanna Obetz in the amount of $108 and in favor of the Pike County Real Estate Assessment Fund in the amount of $108.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Patches Martin in the amount of $148 and in favor of the Pike County Real Estate Assessment Fund in the amount of $148.
In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Wendy Sevens in the amount of $158 and in favor of the Pike County General Fund in the amount of $158.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Estate of Misty Bushatz in the amount of $81 and in favor of the Pike County Real Estate Assessment Fund in the amount of $81.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

The Prior County Auditor signed the warrants resulting in the improper payments. Prior County Auditor, Erica Snodgrass, and her bonding company, Selective Insurance Company of America, will be jointly and severally liable in the amount of $462 in favor of the Pike County Real Estate Assessment fund and $316 in favor of the Pike County General fund.

We recommend that the County Auditor review time sheets, time clock reports and other payroll documents and ensure compensation is paid for only actual hours worked.

FINDING NUMBER 2018-005
(Continued)

Officials' Response:

The County Auditor will review time sheets and other payroll documents to ensure compensation is paid for actual hours worked.

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Tony Montgomery
Jerry Miller
April Elliott, Clerk
Angie Burggraf, Secretary

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	2014 Material Weakness - Incorrect posting and reporting of various items.	Not Corrected	Repeated as 2018-001
2017-002	2015 Noncompliance/ Material Weakness - Ohio Administrative Code Section 117-02-2-02(A) – Capital Asset records not properly maintained.	Not Corrected	Repeated as 2018-002.
2017-003	2015 Material Weakness - Ohio Revised Code Section 319.14 and 321.09 – County Auditor and County Treasurer did not reconcile payroll clearing account and County Treasurer did not reconcile it to the bank.	Significantly Different from Prior Year Corrective Action Taken	Reissued as management letter comment.
2017-004	Noncompliance/ Material Weakness – Ohio Revised Code 5713 and Ohio Administrative Code 5703 - County Property Taxation Process errors, untimely submissions and lack of controls over taxation process.	Not Corrected	Repeated as 2018-003
2017-005	Noncompliance – Ohio Revised Code 117.38 Annual Financial Reporting – Late Filing.	Corrective Action Taken and Finding is Fully Corrected	
2017-006	2014 Noncompliance/Material Weakness - 24 CFR 85.21 subsection (c) - Community Development Block Grant (CDBG) funds were not expended within 15 days (now 30 day) to a fund balance of less than $5,000 for two drawdowns of CDBG grant funding received during the audit period.	Finding no Longer Valid	County did not receive Community Development Block Grant (CDBG) funds in current audit period.
2017-007	Noncompliance/ Significant Deficiency – 24 CFR Subpart F 200.510(b) – Federal Schedule Errors	Significantly Different from Prior Year Corrective Action Taken	Reissued as management letter comment.
2017-008	Material Weakness – 45 CFR 75.303 – Lack of Internal Controls over federal expenditures expended by the Department of Developmental Disabilities.	Corrective Action Taken and Finding is Fully Corrected.	

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April Elliott, Clerk
Angie Burggraf, Secretary

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2018

Finding Number:	2018-001
Planned Corrective Action:	The County is working with each department to ensure they are correctly coding items for the new accounting system to avoid errors.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kayla Slusher, County Auditor

Finding Number:	2018-002
Planned Corrective Action:	The County is working with each department to ensure they are maintaining capital asset additions, deletions and construction in progress records.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kayla Slusher, County Auditor

Finding Number:	2018-003
Planned Corrective Action:	The County will work with the Ohio Department of Taxation to ensure proper tax collection.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kayla Slusher, County Auditor

Finding Number:	2018-004
Planned Corrective Action:	The County Auditor will review the policy to ensure the payout calculations conform to the policy for which the department the employee works.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kayla Slusher, County Auditor

Finding Number:	2018-005
Planned Corrective Action:	The County Auditor will review time sheets and other payroll documents to ensure compensation is paid for actual hours worked.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kayla Slusher, County Auditor

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OHIO AUDITOR OF STATE
KEITH FABER

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 28, 2020

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