



OHIO AUDITOR OF STATE
KEITH FABER



**PIKE COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	25
Motor Vehicle and Gas Tax Fund.....	26
Board of Developmental Disabilities Fund	27
Job and Family Services Fund	28
Statement of Fund Net Position	
Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds	30
Statement of Cash Flows	
Proprietary Funds	31
Statement of Fiduciary Net Position	
Fiduciary Funds.....	33
Notes to the Basic Financial Statements	35

**PIKE COUNTY
DECEMBER 31, 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability (Ohio Public Employees Retirement System – Traditional Plan)	94
Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability (State Teachers Retirement System of Ohio)	96
Schedule of County Pension Contributions (Ohio Public Employees Retirement System – Traditional Plan)	98
Schedule of County OPEB Contributions (Ohio Public Employees Retirement System – Traditional Plan)	100
Schedule of County Contributions (State Teachers Retirement System of Ohio)	102
Notes to the Required Supplementary Information	105
Schedule of Expenditures of Federal Awards	107
Notes to the Schedule of Expenditures of Federal Awards	109
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	111
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	113
Schedule of Findings	115
Prepared by Management:	
Summary Schedule of Prior Audit Findings	125
Corrective Action Plan	127



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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, 2019, 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 the County, as of December 31, 2019, 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 Developmental 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 23 to the financial statements, during 2019, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. 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 January 21, 2021, 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
January 21, 2021

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Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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, 2019. 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 2019 are as follows:

- The County's net position decreased \$5,521,112, as a result of this year's operations. Net position of our business-type activities decreased \$594,061, and net position of our governmental activities decreased \$4,927,051.
- General revenues for governmental activities accounted for \$10,299,739 in revenue or 31.80 percent of all revenues. Program specific revenues for governmental activities in the form of charges for services and sales, grants and contributions accounted for \$22,092,090 or 68.20 percent of total revenues of \$32,391,829.
- The County had \$37,318,880 in expenses related to governmental activities; \$22,092,090 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 2019?" 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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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 2019 compared to 2018:

Table 1
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets:</u>						
Current and Other Assets	\$31,713,378	\$32,527,271	\$654,825	\$631,694	\$32,368,203	\$33,158,965
Capital Assets, Net	37,278,255	35,654,065	7,106,580	7,343,122	44,384,835	42,997,187
<i>Total Assets</i>	<u>68,991,633</u>	<u>68,181,336</u>	<u>7,761,405</u>	<u>7,974,816</u>	<u>76,753,038</u>	<u>76,156,152</u>
Deferred Outflows of Resources	8,171,119	5,341,445	104,111	70,125	8,275,230	5,411,570
<u>Liabilities:</u>						
Current and Other Liabilities	1,195,210	1,513,407	1,186,528	871,012	2,381,738	2,384,419
<i>Long-Term Liabilities:</i>						
Due within One Year	1,666,134	1,683,179	14,960	18,782	1,681,094	1,701,961
<i> Due in More Than One Year:</i>						
Net Pension Liability	23,664,118	14,199,769	285,301	173,095	23,949,419	14,372,864
Net OPEB Liability	10,472,634	9,052,930	128,271	113,374	10,600,905	9,166,304
Other Amounts	9,115,118	8,700,854	255,564	243,799	9,370,682	8,944,653
<i>Total Liabilities</i>	<u>46,113,214</u>	<u>35,150,139</u>	<u>1,870,624</u>	<u>1,420,062</u>	<u>47,983,838</u>	<u>36,570,201</u>
Deferred Inflows of Resources	5,159,718	7,555,771	13,092	49,018	5,172,810	7,604,789
<u>Net Position:</u>						
Net Investments in Capital Assets	27,724,865	26,525,333	6,848,902	7,097,624	34,573,767	33,622,957
Restricted	18,656,556	18,387,861	0	0	18,656,556	18,387,861
Unrestricted	(20,491,601)	(14,096,323)	(867,102)	(521,763)	(21,358,703)	(14,618,086)
<i>Total Net Position</i>	<u>\$25,889,820</u>	<u>\$30,816,871</u>	<u>\$5,981,800</u>	<u>\$6,575,861</u>	<u>\$31,871,620</u>	<u>\$37,392,732</u>

The net pension liability (NPL) and other postemployment benefits (OPEB) liability are the largest liabilities reported by the County at December 31, 2019 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and 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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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 decrease in capital assets is primarily a result of depreciation exceeding acquisitions. Current and other liabilities for governmental activities decreased \$318,197 as a result of a decrease in contracts payable. Long-term liabilities in the governmental activities increased due to an increase in the calculation of net pension and OPEB liabilities.

Business-type activities in 2019 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 increased due to an increase in the calculation for net pension and OPEB liabilities.

Table 2 shows the changes in net position for 2019 compared to 2018.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<i>Revenues</i>						
<i>Program Revenues:</i>						
Charges for Services	\$4,758,145	\$3,734,466	\$611,559	\$620,276	\$5,369,704	\$4,354,742
Operating Grants & Contributions	15,046,723	13,499,417	0	217	15,046,723	13,499,634
Capital Grants & Contributions	2,287,222	1,049,964	0	0	2,287,222	1,049,964
<i>Total Program Revenues</i>	<u>22,092,090</u>	<u>18,283,847</u>	<u>611,559</u>	<u>620,493</u>	<u>22,703,649</u>	<u>18,904,340</u>
<i>General Revenues:</i>						
Property and Sales Taxes	7,358,104	8,557,805	0	0	7,358,104	8,557,805
Grants and Entitlements	1,134,720	2,411,252	0	0	1,134,720	2,411,252
Unrestricted Investment Earnings	308,844	279,599	0	0	308,844	279,599
Other	1,498,071	1,631,101	11,001	6,007	1,509,072	1,637,108
<i>Total General Revenues</i>	<u>10,299,739</u>	<u>12,879,757</u>	<u>11,001</u>	<u>6,007</u>	<u>10,310,740</u>	<u>12,885,764</u>
<i>Total Revenues</i>	<u>32,391,829</u>	<u>31,163,604</u>	<u>622,560</u>	<u>626,500</u>	<u>33,014,389</u>	<u>31,790,104</u>

Continued

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Expenses:						
<i>General Government:</i>						
Legislative & Executive	7,919,422	6,379,960	0	0	7,919,422	6,379,960
Judicial	2,271,124	2,023,528	0	0	2,271,124	2,023,528
Public Safety	6,476,993	7,430,644	0	0	6,476,993	7,430,644
Public Works	4,875,843	9,069,157	0	0	4,875,843	9,069,157
Health	5,638,984	4,067,135	0	0	5,638,984	4,067,135
Human Services	8,389,063	7,597,971	0	0	8,389,063	7,597,971
Conservation and Recreation	36,661	50,240	0	0	36,661	50,240
Economic Development and Assistance	1,560,297	721,402	0	0	1,560,297	721,402
Interest and Fiscal Charges	150,493	151,970	0	0	150,493	151,970
Pike County Sewer Fund	0	0	1,216,621	1,245,169	1,216,621	1,245,169
Total Program Expenses	37,318,880	37,492,007	1,216,621	1,245,169	38,535,501	38,737,176
Changes in Net Position	(4,927,051)	(6,328,403)	(594,061)	(618,669)	(5,521,112)	(6,947,072)
Net Position at January 1	30,816,871	37,145,274	6,575,861	7,194,530	37,392,732	44,339,804
Net Position at December 31	<u>\$25,889,820</u>	<u>\$30,816,871</u>	<u>\$5,981,800</u>	<u>\$6,575,861</u>	<u>\$31,871,620</u>	<u>\$37,392,732</u>

The increase in operating grants and contributions is due to an increase in state taxes received in the Motor Vehicle Gas Tax Fund. The decrease in grants and entitlements is due to a decrease in Medicaid Sales tax replacement funds received. The increase in expenses is primarily due to an increase in the liability calculations for net pension and OPEB. The increase in economic development and assistance is directly related to an increase 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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 3
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General Government - Legislative and Executive	\$7,919,422	\$6,379,960	\$6,209,008	\$4,914,595
General Government - Judicial	2,271,124	2,023,528	1,756,266	1,434,711
Public Safety	6,476,993	7,430,644	5,272,218	6,356,573
Public Works	4,875,843	9,069,157	(2,852,122)	3,680,065
Health	5,638,984	4,067,135	2,285,538	860,003
Human Services	8,389,063	7,597,971	2,022,726	1,394,736
Conservation and Recreation	36,661	50,240	36,661	50,240
Economic Development and Assistance	1,560,297	721,402	346,002	365,267
Interest and Fiscal Charges	150,493	151,970	150,493	151,970
Total Expenses	\$37,318,880	\$37,492,007	\$15,226,790	\$19,208,160

The County is dependent upon tax revenues for the funding of governmental activities. The majority of public safety 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 \$622,560 and expenses of \$1,216,621 for the year 2019. 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 \$35,550,687 and expenditures and other financing uses of \$35,175,017. The net change in fund balance for the year was most significant in the General Fund. The fund balance decreased \$504,012 as a result of a decrease in revenues.

The Board of Developmental Disabilities Fund had an increase of \$304,876 due to increases in grant revenues. The Motor Vehicle and Gas Tax had an increase in fund balance in the amount of \$562,502 primarily due to an increase in intergovernmental revenues. The Job and Family Services Fund had an increase of \$25,073 in due to an increase in intergovernmental 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 2019 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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

For the General Fund, original budget basis revenues were \$8,106,119, which had a change of \$356,890 to the final budget of \$7,749,229. 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. Original budget basis expenditures were \$10,005,139, which was below final budget estimates of \$197,573, due mainly to increases in legislative and executive expenditures. Actual expenditures were monitored closely and resulted in lower than expected spending primarily for general government expenditures.

The County's 2019 ending unobligated General Fund cash balance was \$2,225,078 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2019 the County had \$44,384,835 invested in land, construction in progress, furniture and fixtures, buildings and improvements, machinery and equipment, vehicles and infrastructure, of which \$37,278,254 was in governmental activities. Table 4 shows 2019 as compared to 2018 balances.

Table 4
 Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$1,684,691	\$1,679,472	\$7,000	\$7,000	\$1,691,691	\$1,686,472
Construction in Progress	498,530	544,069	0	557,377	498,530	1,101,446
Furniture and Fixtures	39,486	46,789	0	0	39,486	46,789
Buildings and Improvements	5,360,419	6,301,741	203,989	219,357	5,564,408	6,521,098
Machinery and Equipment	706,489	551,755	34,710	12,076	741,199	563,831
Vehicles	774,522	1,016,428	43,827	26,980	818,349	1,043,408
Infrastructure	28,214,117	25,513,811	6,817,055	6,618,373	35,031,172	32,132,184
Total Capital Assets	\$37,278,254	\$35,654,065	\$7,106,581	\$7,441,163	\$44,384,835	\$43,095,228

See Note 11 to the basic financial statements for more information on the County's capital assets.

Debt

As of December 31, 2019 the County had \$9,749,636 in bonds and loans outstanding, with \$798,221 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.

Pike County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 5
 Outstanding Debt, at Year End

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
General Obligation Bonds	\$992,900	\$1,124,600	\$0	\$0
Revenue Bonds	1,978,200	2,118,400	0	0
OWDA Loans	5,625	7,875	257,678	245,498
USDA Loans	592,100	674,100	0	0
OPWC Loans	5,923,134	5,126,564	0	0
Total Debt Outstanding	<u>\$9,491,959</u>	<u>\$9,051,539</u>	<u>\$257,678</u>	<u>\$245,498</u>

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, 2019 is \$1,538,754.

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@pikecountyooh.gov or telephone at (740) 947-4125.

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Pike County, Ohio
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$18,747,801	\$598,430	\$19,346,231
<i>Cash and Cash Equivalents:</i>			
in Segregated Accounts	26,717	0	26,717
with Fiscal Agents	224,965	0	224,965
Materials and Supplies	416,995	0	416,995
<i>Receivables:</i>			
Property Taxes	4,488,603	0	4,488,603
Sales Tax	780,542	0	780,542
Interest	582	0	582
Accounts	37,637	53,928	91,565
Intergovernmental	6,030,834	0	6,030,834
Prepaid Items	211,257	2,467	213,724
Loans Receivable (Net of Allowance)	719,671	0	719,671
Net Pension Asset	27,774	0	27,774
Nondepreciable Capital Assets	2,183,221	7,000	2,190,221
Depreciable Capital Assets, net of depreciation	35,095,034	7,099,580	42,194,614
<i>Total Assets</i>	<u>68,991,633</u>	<u>7,761,405</u>	<u>76,753,038</u>
Deferred Outflows of Resources			
Pension	7,132,807	90,330	7,223,137
OPEB	1,038,312	13,781	1,052,093
<i>Total Deferred Outflows of Resources</i>	<u>8,171,119</u>	<u>104,111</u>	<u>8,275,230</u>
Liabilities:			
Accounts Payable	442,843	1,174,480	1,617,323
Accrued Wages and Benefits	348,766	5,584	354,350
Contracts Payable	110,627	4,306	114,933
Intergovernmental Payable	138,777	2,158	140,935
Claims Payable	8,937	0	8,937
Accrued Interest Payable	48,910	0	48,910
Notes Payable	96,350	0	96,350
<i>Long-Term Liabilities:</i>			
Due Within One Year	1,666,134	14,960	1,681,094
<i>Due In More Than One Year:</i>			
Net Pension Liability	23,664,118	285,301	23,949,419
Net OPEB Liability	10,472,634	128,271	10,600,905
Other Amounts Due In More Than One Year	9,115,118	255,564	9,370,682
<i>Total Liabilities</i>	<u>46,113,214</u>	<u>1,870,624</u>	<u>47,983,838</u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	4,090,267	0	4,090,267
Pension	774,841	8,361	783,202
OPEB	294,610	4,731	299,341
<i>Total Deferred Inflows of Resources</i>	<u>5,159,718</u>	<u>13,092</u>	<u>5,172,810</u>
Net Position:			
Net Investment in Capital Assets	27,724,865	6,848,902	34,573,767
<i>Restricted for:</i>			
Debt Service	2,041	0	2,041
Capital Outlay	2,112,053	0	2,112,053
Other Purposes	16,542,462	0	16,542,462
Unrestricted	(20,491,601)	(867,102)	(21,358,703)
<i>Total Net Position</i>	<u>\$25,889,820</u>	<u>\$5,981,800</u>	<u>\$31,871,620</u>

See accompanying notes to the basic financial statements.

Pike County, Ohio
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
<i>General Government:</i>				
Legislative and Executive	\$7,919,422	\$1,373,172	\$337,242	\$0
Judicial	2,271,124	400,119	114,739	0
Public Safety	6,476,993	833,990	370,785	0
Public Works	4,875,843	391,494	5,049,249	2,287,222
Health	5,638,984	452,131	2,901,315	0
Human Services	8,389,063	92,944	6,273,393	0
Conservation and Recreation	36,661	0	0	0
Economic Development and Assistance	1,560,297	1,214,295	0	0
Interest and Fiscal Charges	150,493	0	0	0
<i>Total Governmental Activities</i>	<u>37,318,880</u>	<u>4,758,145</u>	<u>15,046,723</u>	<u>2,287,222</u>
Business-Type Activities:				
Pike County Sewer Fund	1,216,621	611,559	0	0
<i>Total Business-Type Activities</i>	<u>1,216,621</u>	<u>611,559</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$38,535,501</u>	<u>\$5,369,704</u>	<u>\$15,046,723</u>	<u>\$2,287,222</u>

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

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
(\$6,209,008)	\$0	(\$6,209,008)
(1,756,266)	0	(1,756,266)
(5,272,218)	0	(5,272,218)
2,852,122	0	2,852,122
(2,285,538)	0	(2,285,538)
(2,022,726)	0	(2,022,726)
(36,661)	0	(36,661)
(346,002)	0	(346,002)
(150,493)	0	(150,493)
<u>(15,226,790)</u>	<u>0</u>	<u>(15,226,790)</u>
0	(605,062)	(605,062)
<u>0</u>	<u>(605,062)</u>	<u>(605,062)</u>
(15,226,790)	(605,062)	(15,831,852)
1,705,538	0	1,705,538
205,552	0	205,552
615,658	0	615,658
300,147	0	300,147
4,531,209	0	4,531,209
1,134,720	0	1,134,720
308,844	0	308,844
1,498,071	11,001	1,509,072
<u>10,299,739</u>	<u>11,001</u>	<u>10,310,740</u>
(4,927,051)	(594,061)	(5,521,112)
<u>30,816,871</u>	<u>6,575,861</u>	<u>37,392,732</u>
<u>\$25,889,820</u>	<u>\$5,981,800</u>	<u>\$31,871,620</u>

Pike County, Ohio
Balance Sheet
 Governmental Funds
 December 31, 2019

	General	Motor Vehicle and Gas Tax	Board of Developmental Disabilities
Assets:			
Equity in Pooled Cash and Investments	\$5,279,975	\$2,461,949	\$4,651,303
Cash and Cash Equivalents In Segregated Accounts	0	0	0
Cash and Cash Equivalents With Fiscal Agents	0	0	52,146
Receivables:			
Property Taxes	2,308,962	0	1,000,975
Sales Tax	780,542	0	0
Interest	168	294	0
Accounts	24,480	0	350
Interfund	1,100	74,289	0
Intergovernmental	393,571	2,191,062	241,317
Materials and Supplies Inventory	4,654	411,545	0
Prepaid Items	75,727	601	45,346
Loans Receivable (Net of Allowance)	0	0	0
<i>Total Assets</i>	<u>\$8,869,179</u>	<u>\$5,139,740</u>	<u>\$5,991,437</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts Payable	\$30,758	\$237,622	\$10,324
Accrued Wages and Benefits	74,146	0	63,084
Contracts Payable	23,215	716	1,002
Intergovernmental Payable	32,793	0	36,715
Accrued Interest Payable	0	0	0
Interfund Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>160,912</u>	<u>238,338</u>	<u>111,125</u>
Deferred Inflows of Resources:			
Property Taxes not Levied to Finance Current Year Operations	2,086,193	0	922,132
Unavailable Revenue	402,415	1,262,983	98,897
<i>Total Deferred Inflows of Resources</i>	<u>2,488,608</u>	<u>1,262,983</u>	<u>1,021,029</u>
Fund Balances:			
Nonspendable	376,026	412,146	45,346
Restricted	0	3,226,273	4,813,937
Assigned	2,008,590	0	0
Unassigned	3,835,043	0	0
<i>Total Fund Balances (Deficit)</i>	<u>6,219,659</u>	<u>3,638,419</u>	<u>4,859,283</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,869,179</u>	<u>\$5,139,740</u>	<u>\$5,991,437</u>

See accompanying notes to the basic financial statements.

Job and Family Services	Other Governmental Funds	Total Governmental Funds
\$141,838	\$6,122,321	\$18,657,386
0	26,717	26,717
0	0	52,146
0	1,178,666	4,488,603
0	0	780,542
0	120	582
0	12,807	37,637
0	0	75,389
525,518	2,679,366	6,030,834
0	796	416,995
25,368	64,215	211,257
0	719,671	719,671
<u>\$692,724</u>	<u>\$10,804,679</u>	<u>\$31,497,759</u>
\$63,652	\$93,197	\$435,553
92,589	118,947	348,766
0	85,694	110,627
31,457	37,812	138,777
0	1,737	1,737
0	75,389	75,389
0	96,350	96,350
<u>187,698</u>	<u>509,126</u>	<u>1,207,199</u>
0	1,081,942	4,090,267
0	1,803,045	3,567,340
<u>0</u>	<u>2,884,987</u>	<u>7,657,607</u>
25,368	65,011	923,897
479,658	7,395,331	15,915,199
0	0	2,008,590
0	(49,776)	3,785,267
<u>505,026</u>	<u>7,410,566</u>	<u>22,632,953</u>
<u>\$692,724</u>	<u>\$10,804,679</u>	<u>\$31,497,759</u>

Pike County, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2019*

Total Governmental Funds Balances		\$22,632,953
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,278,255
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	177,459	
Intergovernmental	3,389,881	
Total		3,567,340
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.		247,007
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	(61,432)	
Compensated Absences	(1,227,862)	
Interest Payable	(47,173)	
Revenue Bonds	(1,978,200)	
USDA Loans Payable	(226,100)	
General Obligation Bonds	(992,900)	
USDA Bonds	(326,000)	
OWDA Loan Payable	(5,625)	
OPWC Loans Payable	(5,963,133)	
Total		(10,828,425)
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	7,132,807	
Deferred Outflows - OPEB	1,038,312	
Deferred Inflows - Pension	(774,841)	
Deferred Inflows - OPEB	(294,610)	
Net OPEB Asset	27,774	
Net Pension Liability	(23,664,118)	
Net OPEB Liability	(10,472,634)	
Total		(27,007,310)
Net Position of Governmental Activities		<u><u>\$25,889,820</u></u>

See accompanying notes to the basic financial statements.

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Pike County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Motor Vehicle and Gas Tax	Board of Developmental Disabilities
Revenues:			
Taxes	\$6,540,973	\$0	\$863,888
Intergovernmental	1,203,832	4,780,525	2,939,887
Interest	304,754	2,898	350
Charges for Services	882,161	376,602	415,742
Fees, License and Permits	89,371	0	0
Fines and Forfeitures	177,016	14,892	0
Other	625,756	123,570	45,685
<i>Total Revenues</i>	<u>9,823,863</u>	<u>5,298,487</u>	<u>4,265,552</u>
Expenditures:			
<i>Current:</i>			
<i>General Government:</i>			
Legislative and Executive	4,614,800	0	0
Judicial	1,391,043	0	0
Public Safety	3,652,497	0	0
Public Works	120,461	4,386,575	0
Health	1,800	0	3,937,838
Human Services	243,372	0	0
Conservation and Recreation	36,661	0	0
Economic Development and Assistance	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	42,976	349,410	8,072
Interest and Fiscal Charges	54	0	1
<i>Total Expenditures</i>	<u>10,103,664</u>	<u>4,735,985</u>	<u>3,945,911</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(279,801)</u>	<u>562,502</u>	<u>319,641</u>
Other Financing Sources (Uses):			
OPWC Loans Issued	0	0	0
Inception of Capital Lease	35,665	0	0
Transfers In	194,562	0	0
Transfers Out	(454,438)	0	(14,765)
<i>Total Other Financing Sources (Uses)</i>	<u>(224,211)</u>	<u>0</u>	<u>(14,765)</u>
<i>Net Change in Fund Balances</i>	(504,012)	562,502	304,876
<i>Fund Balances at Beginning of Year</i>	<u>6,723,671</u>	<u>3,075,917</u>	<u>4,554,407</u>
<i>Fund Balances at End of Year</i>	<u>\$6,219,659</u>	<u>\$3,638,419</u>	<u>\$4,859,283</u>

See accompanying notes to the basic financial statements.

Job and Family Services	All Other Governmental Funds	Total Governmental Funds
\$0	\$1,015,737	\$8,420,598
3,694,749	5,789,737	18,408,730
0	842	308,844
0	2,691,378	4,365,883
0	55	89,426
0	177,930	369,838
218,194	484,866	1,498,071
<u>3,912,943</u>	<u>10,160,545</u>	<u>33,461,390</u>
0	1,357,821	5,972,621
0	428,701	1,819,744
0	1,525,090	5,177,587
0	349,295	4,856,331
0	497,105	4,436,743
3,816,818	2,892,366	6,952,556
0	0	36,661
0	1,671,994	1,671,994
0	2,426,587	2,426,587
4,775	363,650	768,883
0	155,102	155,157
<u>3,821,593</u>	<u>11,667,711</u>	<u>34,274,864</u>
<u>91,350</u>	<u>(1,507,166)</u>	<u>(813,474)</u>
0	1,153,479	1,153,479
0	0	35,665
0	705,591	900,153
<u>(66,277)</u>	<u>(364,673)</u>	<u>(900,153)</u>
<u>(66,277)</u>	<u>1,494,397</u>	<u>1,189,144</u>
25,073	(12,769)	375,670
<u>479,953</u>	<u>7,423,335</u>	<u>22,257,283</u>
<u>\$505,026</u>	<u>\$7,410,566</u>	<u>\$22,632,953</u>

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, 2019*

Net Change in Fund Balances - Total Governmental Funds \$375,670

*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	4,673,331	
Current Year Depreciation	<u>(2,850,080)</u>	
Total		1,823,251
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.		(199,066)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(1,065,629)	
Intergovernmental	<u>32,842</u>	
Total		(1,032,787)
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.		(1,153,479)
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.		713,060
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.		55,823
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		(35,665)
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.		
Decrease in Compensated Absences	27,439	
Decrease in Interest Payable	<u>4,664</u>	
Total		32,103
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,510,453
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		(6,570,713)
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.		<u>(445,701)</u>
Net Change in Net Position of Governmental Activities		<u><u>(\$4,927,051)</u></u>

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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$5,835,000	\$5,201,183	\$6,474,746	\$1,273,563
Charges for Services	442,919	446,394	618,496	172,102
Fees, Licenses and Permits	3,500	84,075	86,357	2,282
Fines and Forfeitures	194,500	165,000	177,016	12,016
Intergovernmental	900,000	938,876	1,203,099	264,223
Interest	225,000	225,000	317,414	92,414
Other	505,200	688,701	640,980	(47,721)
<i>Total Revenues</i>	<u>8,106,119</u>	<u>7,749,229</u>	<u>9,518,108</u>	<u>1,768,879</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,224,604	4,512,778	4,385,098	127,680
Judicial	1,338,776	1,480,280	1,400,044	80,236
Public Safety	3,975,166	3,763,496	3,672,370	91,126
Public Works	160,624	136,589	125,987	10,602
Human Services	259,500	263,100	247,394	15,706
Conservation and Recreation	46,469	46,469	36,788	9,681
<i>Total Expenditures</i>	<u>10,005,139</u>	<u>10,202,712</u>	<u>9,867,681</u>	<u>335,031</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,899,020)</u>	<u>(2,453,483)</u>	<u>(349,573)</u>	<u>2,103,910</u>
Other Financing Sources(Uses):				
Transfers In	0	56,060	194,562	138,502
Advances In	0	0	83,689	83,689
Transfers Out	0	(259,876)	(259,876)	0
Advances Out	0	0	(84,789)	(84,789)
<i>Total Other Financing Sources(Uses)</i>	<u>0</u>	<u>(203,816)</u>	<u>(66,414)</u>	<u>137,402</u>
<i>Net Change in Fund Balance</i>	<u>(1,899,020)</u>	<u>(2,657,299)</u>	<u>(415,987)</u>	<u>2,241,312</u>
<i>Fund Balance at Beginning of Year</i>	<u>2,641,065</u>	<u>2,641,065</u>	<u>2,641,065</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$742,045</u>	<u>(\$16,234)</u>	<u>\$2,225,078</u>	<u>\$2,241,312</u>

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$0	\$547,421	\$376,602	(\$170,819)
Fines and Forfeitures	15,000	15,000	14,892	(108)
Intergovernmental	3,500,000	3,800,000	4,360,460	560,460
Interest	0	0	3,869	3,869
Other	200,000	0	123,570	123,570
<i>Total Revenues</i>	3,715,000	4,362,421	4,879,393	516,972
Expenditures:				
<i>Current:</i>				
Public Works	4,157,500	5,954,771	4,306,572	1,648,199
<i>Debt Service:</i>				
Principal Retirements	342,500	351,000	349,410	1,590
<i>Total Expenditures</i>	4,500,000	6,305,771	4,655,982	1,649,789
<i>Net Change in Fund Balance</i>	(785,000)	(1,943,350)	223,411	2,166,761
<i>Fund Balance at Beginning of Year</i>	2,241,941	2,241,941	2,241,941	0
<i>Fund Balance at End of Year</i>	\$1,456,941	\$298,591	\$2,465,352	\$2,166,761

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$873,033	\$873,033	\$854,378	(\$18,655)
Charges for Services	341,332	341,332	415,742	74,410
Intergovernmental	1,602,881	1,602,881	2,507,058	904,177
Other	2,000	2,000	45,472	43,472
<i>Total Revenues</i>	2,819,246	2,819,246	3,822,650	1,003,404
Expenditures:				
<i>Current:</i>				
Health	3,112,071	3,680,502	3,479,008	201,494
<i>Total Expenditures</i>	3,112,071	3,680,502	3,479,008	201,494
<i>Excess of Revenues Over (Under) Expenditures</i>	(292,825)	(861,256)	343,642	1,204,898
Other Financing Sources:				
Transfers Out	(14,764)	(60,028)	(14,765)	45,263
<i>Total Other Financing Sources</i>	(14,764)	(60,028)	(14,765)	45,263
<i>Net Change in Fund Balance</i>	(307,589)	(921,284)	328,877	1,250,161
<i>Fund Balance Beginning of Year</i>	4,322,204	4,322,204	4,322,204	0
<i>Fund Balance End of Year</i>	\$4,014,615	\$3,400,920	\$4,651,081	\$1,250,161

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, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$3,305,159	\$3,909,100	\$3,676,563	(\$232,537)
Other	208,400	208,400	218,194	9,794
<i>Total Revenues</i>	<u>3,513,559</u>	<u>4,117,500</u>	<u>3,894,757</u>	<u>(222,743)</u>
Expenditures:				
<i>Current:</i>				
Human Services	3,359,499	4,102,499	3,770,106	332,393
<i>Total Expenditures</i>	<u>3,359,499</u>	<u>4,102,499</u>	<u>3,770,106</u>	<u>332,393</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>154,060</u>	<u>15,001</u>	<u>124,651</u>	<u>109,650</u>
Other Financing Sources:				
Transfers In	103,941	0	0	0
Transfers Out	0	(66,277)	(66,277)	0
<i>Total Other Financing Sources</i>	<u>103,941</u>	<u>(66,277)</u>	<u>(66,277)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	258,001	(51,276)	58,374	109,650
<i>Fund Balance at Beginning of Year</i>	<u>83,465</u>	<u>83,465</u>	<u>83,465</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$341,466</u></u>	<u><u>\$32,189</u></u>	<u><u>\$141,839</u></u>	<u><u>\$109,650</u></u>

See accompanying notes to the basic financial statements.

Pike County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities Enterprise Fund	Governmental Activities
	Pike County Sewer	Internal Service
Assets:		
<i>Current Assets:</i>		
Equity in Pooled Cash and Investments	\$598,430	\$90,415
Cash and Cash Equivalents with Fiscal Agents	0	172,819
Accounts Receivable	53,928	0
Prepaid Items	2,467	0
<i>Total Current Assets</i>	<u>654,825</u>	<u>263,234</u>
<i>Noncurrent Assets:</i>		
Nondepreciable Capital Assets	7,000	0
Depreciable Capital Assets, Net	7,099,580	0
<i>Total Noncurrent Assets</i>	<u>7,106,580</u>	<u>0</u>
<i>Total Assets</i>	<u>7,761,405</u>	<u>263,234</u>
Deferred Outflows of Resources		
Pension	90,330	0
OPEB	13,781	0
<i>Total Deferred Outflows of Resources</i>	<u>104,111</u>	<u>0</u>
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable	1,174,480	7,290
Accrued Wages and Benefits	5,584	0
Contracts Payable	4,306	0
Intergovernmental Payable	2,158	0
Claims Payable	0	8,937
Compensated Absences Payable - Current Portion	6,388	0
OWDA Loans Payable - Current Portion	8,572	0
<i>Total Current Liabilities</i>	<u>1,201,488</u>	<u>16,227</u>
<i>Noncurrent Liabilities</i>		
Long-Term Liabilities:		
Compensated Absences Payable	6,458	0
OWDA Loans Payable	249,106	0
Net Pension Liability	285,301	0
Net OPEB Liability	128,271	0
<i>Total Noncurrent Liabilities</i>	<u>669,136</u>	<u>0</u>
<i>Total Liabilities</i>	1,870,624	16,227
Deferred Inflows of Resources		
Pension	8,361	0
OPEB	4,731	0
<i>Total Deferred Inflows of Resources</i>	<u>13,092</u>	<u>0</u>
Net Position:		
Net Investment in Capital Assets	6,848,902	0
Unrestricted	(867,102)	247,007
<i>Total Net Position</i>	<u>\$5,981,800</u>	<u>\$247,007</u>

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, 2019*

	Business-Type Activities Enterprise Fund	Governmental Activities
	Pike County Sewer	Internal Service
Operating Revenues:		
Charges for Services	\$611,559	\$3,595,665
Other	11,001	0
<i>Total Operating Revenues</i>	<u>622,560</u>	<u>3,595,665</u>
Operating Expenses:		
Personal Services	136,294	0
Fringe Benefits	133,045	0
Contractual Services	566,232	3,826,433
Materials and Supplies	26,092	0
Claims	0	214,933
Depreciation	339,942	0
Other	11,365	0
<i>Total Operating Expenses</i>	<u>1,212,970</u>	<u>4,041,366</u>
<i>Operating (Loss) Gain</i>	(590,410)	(445,701)
Nonoperating Expenses:		
Interest and Fiscal Charges	(3,651)	0
<i>Total Nonoperating Expenses</i>	<u>(3,651)</u>	<u>0</u>
<i>Change in Net Position</i>	(594,061)	(445,701)
<i>Net Position at Beginning of Year</i>	<u>6,575,861</u>	<u>692,708</u>
<i>Net Position at End of Year</i>	<u><u>\$5,981,800</u></u>	<u><u>\$247,007</u></u>

See accompanying notes to the basic financial statements.

Pike County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	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	\$616,392	\$3,595,665
Cash Received from Others	11,001	0
Cash Payments to Contractual Services	(276,492)	(3,819,840)
Cash Payments to Employees for Services and Benefits	(216,459)	0
Cash Payments for Claims	0	(242,213)
Cash Payments for Other Expenses	(11,365)	0
<i>Net Cash Used for Operating Activities</i>	<u>123,077</u>	<u>(466,388)</u>
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Assets	(103,400)	0
Preceeds Loan Received	20,625	0
Principal Payments	(8,445)	0
Interest Payments	(3,651)	0
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>(94,871)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	28,206	(466,388)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>570,224</u>	<u>729,622</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$598,430</u></u>	<u><u>\$263,234</u></u>

See accompanying notes to the basic financial statements.

Pike County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(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	(\$590,410)	(\$445,701)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i>		
Depreciation	339,942	0
<i>Changes in Assets and Liabilities:</i>		
Decrease in Accounts Receivable	4,833	0
Decrease in Prepaid Items	242	0
Increase in Deferred Outflows	66,190	0
Increase in Accounts Payable	312,933	7,290
Decrease in Contracts Payable	(11,624)	0
Increase in Accrued Wages and Benefits	560	0
Decrease in Compensated Absences Payable	(4,237)	0
Decrease in Claims Payable	0	(27,977)
Decrease in Intergovernmental Payable	(4,063)	0
Decrease in Deferred Inflows	(27,071)	0
Increase in Net Pension Liability	24,458	
Increase in Net OPEB Liability	11,324	0
Total Adjustments	713,487	(20,687)
<i>Net Cash Used for Operating Activities</i>	<u>\$123,077</u>	<u>(\$466,388)</u>

See accompanying notes to the basic financial statements.

Pike County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,825,692
Cash and Cash Equivalents in Segregated Accounts	392,234
<i>Receivables:</i>	
Taxes	28,687,750
Accounts	8,924
Intergovernmental	59,179
 <i>Total Assets</i>	 \$30,973,779
 Liabilities:	
Accounts Payable	\$5,389
Contracts Payable	9,346
Intergovernmental Payable	29,289,273
Undistributed Monies	1,472,196
Deposits Held and Due To Others	197,575
 <i>Total Liabilities</i>	 \$30,973,779

See accompanying notes to the basic financial statements.

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Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 that require presentation. Pike County Land Reutilization Corporation is a component unit of Pike County, at December 31, 2019 the entity held no cash or financial activity.

The County is associated with certain organizations which are defined as Jointly Governed Organizations or Related Organizations. These organizations are presented in Notes 20 and 21 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

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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:

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 6) 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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 12 and 13.

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, 2019, but which were levied to finance fiscal year 2020 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 12 and 13.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. 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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2019, 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 2019 amounted to \$308,844 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 2019 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-40 years
Roads and Bridges (Infrastructure)	10-50 years
Furniture and Fixtures	10 years
Sewer Lines	50 years
Machinery and Equipment	5-15 years
Vehicles	8 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 14 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:

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

Restricted – 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.

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

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

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

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 position 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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 3 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS (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	(\$504,012)	\$562,502	\$304,876	\$25,073
<i>Net Adjustments for:</i>				
Revenue Accruals	(68,359)	(419,094)	9,391	(18,186)
Expenditure Accruals	(23,226)	80,003	14,823	51,487
Other Sources (Uses)	(36,765)	0	0	0
<i>Perspective Difference:</i>				
Activity of Funds Reclassified For GAAP Reporting Purposes	216,375	0	(213)	0
Budget Basis	(\$415,987)	\$223,411	\$328,877	\$58,374

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Accountability - Fund Balance Deficits - The following funds have a fund balance deficit as of December 31, 2019:

Nonmajor Funds

Special Revenue Fund

Community Corrections Act Grant Fund	27,972
Bulletproof Vest Grant	1,100

Capital Projects Fund

Pike Senior Services Fund	33,699
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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 5 - 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;

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 5 - DEPOSITS AND INVESTMENTS (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."

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 5 - 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 \$4,208,956 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, 2019, the County had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity		
		Less Than One Year	1-2 Years	3-5 Years
Federal Home Loan Mortgage Corporation	\$3,902,941	\$1,039,109	\$2,263,780	\$600,052
Federal Farm Credit Bank	1,116,656	0	275,085	841,571
Federal National Mortgage Association	3,374,875	2,376,743	998,132	0
Negotiable Certificates of Deposit	1,391,489	992,142	399,347	0
US Treasury Note	3,641,609	2,151,516	1,490,093	0
Money Market Mutual Fund	3,664,581	3,664,581	0	0
Total Investments	\$17,092,151	\$10,224,091	\$5,426,437	\$1,441,623

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 its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 5 - DEPOSITS AND INVESTMENTS (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 23% in Federal Home Loan Mortgage Corporation, 6% in Federal Farm Credit Bank, 20% in Federal National Mortgage Association, 8% in Negotiable Certificates of Deposit, 21% US Treasury Note and 22% 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, 2019.

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

NOTE 6 - PROPERTY TAXES

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 6 - 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, 2019. 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 2019 operations.

The full tax rate for all County operations for the year ended December 31, 2019, was \$14.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$418,532,870
Public Utility Personal Property	93,002,840
Total Property Taxes	\$511,535,710

NOTE 7 – 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, 2019 as follows:

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

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - 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 2019 amounted to \$4,531,209.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2019, 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, \$719,671 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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 – RECEIVABLES (Continued)

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

Governmental Activities	Amount
<i>Major Funds:</i>	
General Fund	\$393,571
Motor Vehicle and Gas Tax	2,191,062
Board of Developmental Disabilities Grants	241,317
Job & Family Services	525,518
 <i>Non-major Funds:</i>	
Child Support Enforcement	109,213
Emergency Medical Services	11,269
Children Services	146,554
Pike Senior Services Levy	20,549
Felony Delinquent Care & Custody	19,959
Federal Highway Administration	26,888
ODH MIECHV Pike DD Grant	415,800
State Issue II Grant	1,602,728
State LTIP Grant	326,406
Total Non-major Funds	2,679,366
Total Governmental Activities	\$6,030,834

NOTE 10 - 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 2019, the County contracted with the Buckeye Joint-County Self-Insurance Council (a jointly governed organization, see Note 19) 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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 - 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 \$8,937 reported in the internal service fund at December 31, 2019, 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
2017	\$38,347	\$233,513	\$250,250	\$21,610
2018	21,610	324,591	309,287	36,914
2019	36,914	214,236	242,213	8,937

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019:

	Balance at January 1, 2019	Additions	Deletions	Balance at December 31, 2019
Governmental Activities:				
<i>Non-Depreciable Capital Assets:</i>				
Land	\$1,679,472	\$5,219	\$0	\$1,684,691
Construction in Progress	544,069	1,940,216	(1,985,755)	498,530
Total Non-Depreciable Capital Assets	2,223,541	1,945,435	(1,985,755)	2,183,221
<i>Depreciable Capital Assets:</i>				
Furniture and Fixtures	189,073	0	0	189,073
Buildings and Improvements	15,902,900	63,829	(200,691)	15,766,038
Machinery and Equipment	2,098,309	316,003	0	2,414,312
Vehicles	4,771,944	87,108	(66,335)	4,792,717
Infrastructure	59,266,530	4,246,711	(1,783,132)	61,730,109
Total Depreciable Capital Assets	82,228,756	4,713,651	(2,050,158)	84,892,249
<i>Less Accumulated Depreciation:</i>				
Furniture and Fixtures	(142,284)	(7,303)	0	(149,587)
Buildings and Improvements	(9,601,159)	(812,304)	7,844	(10,405,619)
Machinery and Equipment	(1,546,554)	(161,996)	727	(1,707,823)
Vehicles	(3,755,516)	(329,014)	66,335	(4,018,195)
Infrastructure	(33,752,719)	(1,539,463)	1,776,190	(33,515,992)
Total Accumulated Depreciation	(48,798,232)	(2,850,080)	1,851,096	(49,797,216)
Net Depreciable Capital Assets	33,430,524	1,863,571	(199,062)	35,095,033
Governmental Activities - Capital Assets, Net	\$35,654,065	\$3,809,006	(\$2,184,817)	\$37,278,254

Depreciation expense was charged to governmental functions as follows:

General Government:	
Legislative and Executive	\$752,132
Judicial	23,429
Public Safety	335,325
Public Works	1,599,153
Health	67,281
Human Services	41,063
Economic Development Assistance	31,697
Total Depreciation Expense	\$2,850,080

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 - CAPITAL ASSETS (Continued)

	Balance at 01/01/19	Additions	Deletions	Balance at 12/31/19
Business-Type Activities:				
<i>Non-Depreciable Capital Assets:</i>				
Land	\$7,000	\$0	\$0	\$7,000
Construction in Progress	0	0	0	0
Total Capital Assets, Not Being Depreciated	7,000	0	0	7,000
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	326,697	0	0	326,697
Machinery and Equipment	37,586	82,632	0	120,218
Vehicles	66,582	20,768	0	87,350
Infrastructure	11,893,709	0	0	11,893,709
Total Depreciable Capital Assets	12,324,574	103,400	0	12,427,974
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(107,340)	(15,368)	0	(122,708)
Machinery and Equipment	(25,510)	(59,998)	0	(85,508)
Vehicles	(39,602)	(3,921)	0	(43,523)
Infrastructure	(4,816,000)	(260,654)	0	(5,076,654)
Total Accumulated Depreciation	(4,988,452)	(339,941)	0	(5,328,393)
Net Depreciable Capital Assets	7,336,122	(236,541)	0	7,099,581
Business-Type Activities - Capital Assets, Net	\$7,343,122	(\$236,541)	\$0	\$7,106,581

NOTE 12 - 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.

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

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.

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):

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

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
<u>Age and Service Requirements:</u> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<u>Age and Service Requirements:</u> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<u>Age and Service Requirements:</u> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<u>Formula:</u> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<u>Formula:</u> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<u>Formula:</u> 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
<u>Age and Service Requirements:</u> Age 52 with 15 years of service credit	<u>Age and Service Requirements:</u> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<u>Age and Service Requirements:</u> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Formula:</u> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<u>Formula:</u> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<u>Formula:</u> 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:

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

	2019		2018	
	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%	14.0%	18.1%
Post-employment Health Care Benefits	0.0%	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>14.0%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>13.0%</u>	<u>10.0%</u>	<u>13.0%</u>

** 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 \$1,515,181 for 2019. Of this amount, \$122,112 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, 2018, 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:

	<u>OPERS</u>
Proportion Share of the Net Pension Liability:	
Current Measurement Date	0.0860910%
Prior Measurement Date	0.0892060%
Change in Proportionate Share	<u>-0.0031150%</u>
Proportionate Share of the Net Pension Liability	\$23,578,580
Pension Expense	\$5,595,773

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

At December 31, 2019, 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	\$1,089
Net difference between projected and actual earnings on pension plan investments	2,805,539
Change In Assumptions	2,053,282
Changes in proportion and differences between County contributions and proportionate share of contributions	391,780
County contributions subsequent to the measurement date	1,515,181
Total Deferred Outflows of Resources	\$6,766,871
Deferred Inflows of Resources	
Differences between expected and actual experience	\$309,709
Total Deferred Inflows of Resources	\$309,709

\$1,515,181 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date, but before the end of the County's reporting period will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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:	
2020	\$2,307,779
2021	843,749
2022	296,892
2023	1,493,561
Total	\$4,941,981

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - 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, 2018, 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, 2018, are presented below.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
<i>COLA or Ad Hoc COLA:</i>	
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	7.2 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 table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2018, 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 2.94 percent for 2018.

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 2018 and the long-term expected real rates of return:

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other investments	18.00%	5.50%
Total	100.00%	5.95%

Discount Rate

The discount rate used to measure the total pension liability was 7.2%. 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 7.20%, 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 (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's Proportionate Share of the Net Pension Liability	\$34,832,419	\$23,578,578	\$14,226,538

Changes since the prior Measurement Date on to Report Date

OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

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 12 - 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 9.53% of the 14.0% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account 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 CO 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 at age 50 and after termination of employment.

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 CO member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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.

Eligible Survivors of members who die before service retirement may qualify for monthly benefits. 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, 2019, 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 2019 contribution rates were equal to the statutory maximum rates.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

The County's contractually required pension contributions to STRS were \$27,655 for 2019. 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, 2019, 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	0.00167691%
Prior Measurement Date	0.00171992%
Change in Proportionate Share	-0.00004301%
Proportionate Share of the Net Pension Liability	\$370,839
Pension Expense	\$24,766

At December 31, 2019, 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	\$3,019
Changes of assumptions	43,562
County contributions subsequent to the measurement date	13,827
Total Deferred Outflows of Resources	\$60,408

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

Deferred Inflows of Resources	
Differences between expected and actual experience	\$1,604
Net Difference between projected and actual earnings on pension plan investments	18,124
Difference between County contributions and proportionate share of contributions	<u>57,907</u>
Total Deferred Inflows of Resources	<u><u>\$77,635</u></u>

\$13,827 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>STRS</u>
2019	\$19,361
2020	(1,169)
2021	(12,711)
2022	(17,535)
2023	<u>364</u>
Total Deferred Inflows of Resources	<u><u>(\$11,690)</u></u>

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

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
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	 <u>100.00%</u>	

* 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, 2019. 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, 2019. 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, 2019.

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:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
County's proportionate share of the net pension liability	\$541,939	\$370,839	\$225,993

NOTE 13 – 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.

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.

A. Ohio Public Employees Retirement System (OPERS)

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 13 – 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 0.0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 was 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 2019 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 2019.

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, 2017, rolled forward to the measurement date of December 31, 2018, 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:

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.0813100%
Prior Measurement Date	0.0844100%
Change in Proportionate Share	-0.0031000%
Proportionate Share of the Net Pension Liability	\$10,600,905
OPEB Expense	\$1,048,836

At December 31, 2019, 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	\$3,589
Net difference between projected and actual earnings on pension plan investments	485,989
Changes of assumptions	341,786
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	217,626
Total Deferred Outflows of Resources	\$1,048,990
Deferred Inflows of Resources	
Differences between Expected and Actual Experience	\$28,763
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	225,757
Total Deferred Inflows of Resources	\$254,520

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 2020. 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:	
2020	\$468,144
2021	4,841
2022	76,660
2023	244,823
Total	\$794,468

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – 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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

During 2018, 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 was a loss of 5.60 percent for 2018.

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 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.89
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate

A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 6.00 percent and a municipal bond rate of 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – 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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's proportionate share of the net OPEB liability	\$13,562,508	\$10,600,905	\$8,245,647

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 2019 is 10.00 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	\$10,189,769	\$10,600,905	\$11,074,422

Changes since prior Measurement Date and to Report Date

OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discounting the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

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.

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, 2019, 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, 2019, 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	0.00167691%
Prior Measurement Date	0.00171992%
Change in Proportionate Share	-0.00004301%
Proportionate Share of the Net OPEB Asset	\$27,774
OPEB Expense	(\$10,772)

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

	STRS
Deferred Outflows of Resources	
Differences Between Expected and Actual Experience	\$2,519
Changes of assumptions	584
Total Deferred Outflows of Resources	\$3,103
 Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$1,413
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,745
Change in Assumptions	30,453
Changes in Proportionate Share and Difference Between County Contributions and Proportionate Share of Contributions	11,208
Total Deferred Inflows of Resources	\$44,819

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, 2020. 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:	
2020	(\$8,899)
2021	(8,899)
2022	(8,200)
2023	(7,952)
2024	(7,802)
Thereafter	36
Total	(\$41,716)

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, 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	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 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.

Actuarial assumptions used in the June 30, 2019, 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:

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

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, 2019. 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, 2019.

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, 2019, 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.

	1% Decrease	Current Discount Rate	1% Increase
	(6.45%)	(7.45%)	(8.45%)
County's proportionate share of the net OPEB asset	\$23,699	\$27,774	\$31,199
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$31,494	\$27,774	\$23,217

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 14 - 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 15 - 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 16 - 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.

The capital assets acquired by the leases have been capitalized in the statement of net position for governmental activities in the amount of \$317,962 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 2019 totaled \$55,823 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, 2019.

Year Ending December 31,	Long-Term Debt
2020	\$27,115
2021	18,122
2022	9,137
2023	5,022
2024	2,092
Total Minimum Lease Payments	61,488
Less: Amount Representing Interest	(56)
Present Value of Net Minimum Lease Payments	\$61,432

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - 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.

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

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.

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. The total loan amount awarded was \$700,000. 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 2016 consists of money owed to the OPWC for the County Wide Paving Project 2016 Phase II. The total loan amount awarded was \$1,067,171. 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 Five Box Culverts. The total loan amount awarded was \$75,000. The OPWC loan is payable solely from the gross revenues of the Motor Vehicle and Gas Tax fund.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan issued during 2019 consists of money owed to the OPWC for Pike County and Pee Pee Township Paving. As of December 31, 2019, \$745,878 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 Ohio Water Development Authority (OWDA) loan issued during 2019 consists of money owed to the OWDA for Regional WWTP Improvements project. The OWDA loan is payable solely from the gross revenues of the Sewer fund. As of December 31, 2019, \$20,625 has been disbursed. No amortization is available at this time.

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.

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

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:

	<u>Outstanding at 01/01/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding at 12/31/19</u>	<u>Amount Due In One Year</u>
<i>Governmental Funds:</i>					
<i>Long-Term Obligations</i>					
Buchanan Road					
Loan 0.00% - 1998					
Ohio Public Works Commission	\$11,250	\$0	\$3,750	7,500	\$3,750
Pike Lake Road					
Loan 0.00% - 1998					
Ohio Public Works Commission	5,000	0	3,750	1,250	1,250
Rapp-Montgomery Road and Bridges					
Loan 0.00% - 2014					
Ohio Public Works Commission	162,259	0	7,212	155,047	7,212
River Road Emergency Slip Repair					
Loan 0.00% - 2012					
Ohio Public Works Commission	20,245	0	826	19,419	826
Bridge Replacement & Salyers					
Loan 0.00% - 2012					
Ohio Public Works Commission	233,334	0	11,111	222,223	11,111
Tanglewood Bridge					
Loan 0.00% - 2002					
Ohio Public Works Commission	8,324	0	2,378	5,946	2,378
Loy's Run					
Loan 0.00% - 2003					
Ohio Public Works Commission	18,000	0	4,500	13,500	4,500
Coal Dock Road					
Loan 0.00% - 2004					
Ohio Public Works Commission	31,250	0	6,250	25,000	6,250
Owl Creek Road					
Loan 0.00% - 2005					
Ohio Public Works Commission	45,000	0	7,500	37,500	7,500
Auerville Road					
Loan 0.00% - 2006					
Ohio Public Works Commission	102,239	0	14,605	87,634	14,605
Buck Hollow Road					
Loan 0.00% - 2004					
Ohio Public Works Commission	9,289	0	1,858	7,431	1,858

(Continued)

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

	Outstanding at 01/01/19	Issued	Retired	Outstanding at 12/31/19	Amount Due In One Year
Adams Road Bridge					
Loan 0.00% - 2009					
Ohio Public Works Commission	101,750	0	9,250	92,500	9,250
Little Creek Water Line					
Loan 0.00% - 2010					
Ohio Public Works Commission	165,000	0	7,500	157,500	7,500
Morgan's Fork Road					
Loan 0.00% - 2008					
Ohio Public Works Commission	112,500	0	12,500	100,000	12,500
River Road					
Loan 0.00% - 2002					
Ohio Public Works Commission	21,875	0	6,250	15,625	6,250
Multiple Box Culvert Replacements					
Loan 0.00% - 2013					
Ohio Public Works Commission	523,525	0	19,390	504,135	19,390
Three Bridge Replacement					
Loan 0.00% - 2012					
Ohio Public Works Commission	495,000	0	18,333	476,667	18,333
Bridge Replacements and Road Repair					
Loan 0.00% - 2015					
Ohio Public Works Commission	542,573	0	18,710	523,863	18,710
Six Bridge Replacements					
Loan 0.00% - 2015					
Ohio Public Works Commission	300,000	0	10,000	290,000	10,000
Boswell Run Road Bridge Replacement					
Loan 0.00% - 2015					
Ohio Public Works Commission	147,500	0	5,000	142,500	5,000
Culvert and Road Improvements					
Loan 0.00% - 2017					
Ohio Public Works Commission	228,480	0	9,520	218,960	9,520
County Wide Paving Project 2016 Phase I					
Loan 0.00% - 2016					
Ohio Public Works Commission	700,000	0	70,000	630,000	70,000
County Wide Paving Project 2016 Phase II					
Loan 0.00% - 2016					
Ohio Public Works Commission	1,067,171	0	106,717	960,454	106,717
Five Box Culverts					
Loan 0.00% - 2017					
Ohio Public Works Commission	75,000	370,827	0	445,827	0
Pike County & Pee Pee Twp Paving					
Loan 0.00% - 2019					
Ohio Public Works Commission	0	745,878	0	745,878	74,588
Pleasant Hill and Stockdale Road Bridge Replacement					
Loan 0.00% - 2019					
Ohio Public Works Commission	0	36,774	0	36,774	0

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

	Outstanding at 01/01/19	Issued	Retired	Outstanding at 12/31/19	Amount Due In One Year
OWDA - Water Pollution Control					
Loan 0.00% - 2002					
OWDA/EPA Loan	7,875	0	2,250	5,625	2,250
USDA Loan - Airport Hangar					
2010 - 4.00%	274,100	0	8,000	266,100	8,300
USDA Bonds - EMS Squads					
2018 - 3.875%	400,000	0	74,000	326,000	76,900
Revenue Bonds					
2009 - 3.50%	1,393,400	0	106,000	1,287,400	109,800
Revenue Bonds					
2014 - 3.65%	725,000	0	34,200	690,800	35,400
General Obligation Bonds					
2007 - 4.4325%	1,034,400	0	120,000	914,400	116,000
DD Facility Bonds					
2015 - 3.35%	90,200	0	11,700	78,500	12,000
<i>Other Long Term Obligations:</i>					
Compensated Absences	1,250,905	1,727,539	1,750,582	1,227,862	849,422
Capital Leases	81,590	35,665	55,823	61,432	27,064
<i>Net Pension Liability:</i>					
OPERS	13,821,597	9,471,682	0	23,293,279	0
STRS	378,172	0	7,333	370,839	0
Total Net Pension Liability	<u>14,199,769</u>	<u>9,471,682</u>	<u>7,333</u>	<u>23,664,118</u>	<u>0</u>
<i>Net OPEB Liability:</i>					
OPERS	9,052,930	1,419,704	0	10,472,634	0
STRS	0	0	0	0	0
Total Net OPEB Liability	<u>9,052,930</u>	<u>1,419,704</u>	<u>0</u>	<u>10,472,634</u>	<u>0</u>
Total Governmental Obligations	<u>\$33,636,733</u>	<u>\$13,808,069</u>	<u>\$2,526,798</u>	<u>\$44,918,004</u>	<u>\$1,666,134</u>

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

	Outstanding at 01/01/19	Issued	Retired	Outstanding at 12/31/19	Amount Due In One Year
<i>Business-Type Activities</i>					
<i>Long-Term Obligations</i>					
North Sewer System					
Loan 1.50% - 2012					
Ohio Water Development Authority	\$171,426	\$0	\$5,983	\$165,443	\$6,073
North Gate Sanitary Sewer Extension					
Loan 1.50% - 2015					
Ohio Water Development Authority	74,072	0	2,462	71,610	2,499
Regional WWTP Improvements					
Loan 2.28% - 2019					
Ohio Water Development Authority	0	20,625	0	20,625	0
Compensated Absences	17,083	18,490	22,727	12,846	6,388
<i>Net Pension Liability:</i>					
OPERS	173,095	112,206	0	285,301	0
<i>Net OPEB Liability:</i>					
OPERS	113,374	14,897	0	128,271	0
Total Business-Type Activities	<u>\$549,050</u>	<u>\$166,218</u>	<u>\$31,172</u>	<u>\$684,096</u>	<u>\$14,960</u>

	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
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	0	0	0	0	9,250	0	0	0
2025-2029	0	0	0	0	46,250	0	0	0
2030-2032	0	0	0	0	0	0	0	0
Total	<u>\$5,946</u>	<u>\$5,625</u>	<u>\$15,625</u>	<u>\$7,431</u>	<u>\$92,500</u>	<u>\$7,500</u>	<u>\$1,250</u>	<u>\$13,500</u>

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

	OPWC		OPWC	OPWC Little	OPWC River	OPWC	
	Coal Dock Road	OPWC Owl Creek	OPWC Auerville	Morgan's Fork Road	Creek Principal	Road Emergency Slip	Pike County & Pee Pee Twp. Paving
2020	\$6,250	\$7,500	\$14,605	\$12,500	\$7,500	\$826	\$74,588
2021	6,250	7,500	14,605	12,500	7,500	826	74,588
2022	6,250	7,500	14,606	12,500	7,500	827	74,588
2023	6,250	7,500	14,606	12,500	7,500	827	74,588
2024	0	7,500	14,606	12,500	7,500	827	74,588
2025-2029	0	0	14,606	37,500	37,500	4,131	372,938
2030-2034	0	0	0	0	37,500	4,131	0
2035-2039	0	0	0	0	37,500	4,131	0
2040-2044	0	0	0	0	7,500	2,893	0
Total	\$25,000	\$37,500	\$87,634	\$100,000	\$157,500	\$19,419	\$745,878

	General Obligation - Governmental		USDA - Airport Hangar		Revenue Bonds 2009		DD Facility Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$120,000	\$43,030	\$8,300	\$10,644	\$109,800	\$45,059	\$12,000	\$2,673
2021	116,000	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	141,000	10,035	9,700	9,232	125,900	28,868	13,700	950
2025-2029	274,400	30,474	55,000	39,996	698,900	75,072	14,200	482
2030-2034	0	0	66,700	28,096	0	0	0	0
2035-2039	0	0	81,200	13,636	0	0	0	0
2040-2044	0	0	18,200	728	0	0	0	0
Total	\$914,400	\$179,634	\$266,100	\$132,212	\$1,287,400	\$260,583	\$78,500	\$9,601

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

	OPWC Bridge Replacement & Slayers	Revenue Bond 2015		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
		Principal	Interest					
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	68,000	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	11,111	40,800	20,083	18,333	7,212	19,390	70,000	106,717
2025-2029	55,556	227,800	76,364	91,667	36,057	96,949	280,000	426,869
2030-2034	55,556	242,600	31,003	91,667	36,058	96,949	0	0
2035-2039	55,556	0	0	91,667	36,057	96,949	0	0
2040-2044	0	0	0	91,667	10,815	96,949	0	0
2045-2048	0	0	0	18,334	0	19,389	0	0
Total	\$222,223	\$690,800	\$221,724	\$476,667	\$155,047	\$504,135	\$630,000	\$960,454

	Bridge Replacement and Road Improvement	Culvert and Road Improvement	OWDA North Gate Sanitary Sewer Extension		OPWC Boswell Run Road	USDA Bonds - EMS Squads		Six Bridge Replacement
			Principal	Interest		Principal	Interest	
2020	\$18,710	\$9,520	\$2,499	\$1,065	\$5,000	\$76,900	\$12,667	\$10,000
2021	18,709	9,520	2,537	1,027	5,000	79,900	9,653	10,000
2022	18,710	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	18,709	9,520	2,653	911	5,000	0	0	10,000
2025-2029	93,547	47,600	13,877	3,943	25,000	0	0	50,000
2030-2034	93,547	47,600	14,954	2,866	25,000	0	0	50,000
2035-2039	93,548	47,600	16,114	1,706	25,000	0	0	50,000
2040-2044	93,547	28,560	13,787	469	25,000	0	0	50,000
2045-2049	56,127	0	0	0	17,500	0	0	40,000
Total	\$523,863	\$218,960	\$71,610	\$13,926	\$142,500	\$326,000	\$32,216	\$290,000

	OWDA North Sewer	
	Principal	Interest
2020	\$6,072	\$2,459
2021	6,164	2,368
2022	6,257	2,275
2023	6,351	2,180
2024	6,447	2,085
2025-2029	26,775	8,939
2030-2034	35,798	6,323
2035-2039	38,574	3,504
2040-2044	33,005	658
Total	\$165,443	\$30,791

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - LONG-TERM DEBT (Continued)

The County's legal margin as of December 31, 2019 is \$1,538,754.

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, 2019, \$10,500,000 was still outstanding.

NOTE 18 - NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2019 follows:

	Outstanding at 01/01/19	Issued	Retired	Outstanding at 12/31/19
<i>Capital Projects Funds</i>				
<u><i>Non-Major Funds</i></u>				
Pike Senior Services	\$141,350	\$96,350	\$141,350	\$96,350
Total Non-Major Capital Project Funds	141,350	96,350	141,350	96,350
Total Governmental Obligations	\$141,350	\$96,350	\$141,350	\$96,350

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 19 – INTERFUND TRANSACTIONS

As of December 31, 2019, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$1,100	\$0
MVGT	74,289	0
Nonmajor Governmental Funds	0	75,389
<i>Total</i>	\$75,389	\$75,389

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 19 – INTERFUND TRANSACTIONS (Continued)

Transfers made during the year ended December 31, 2019, were as follows:

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General Fund	\$194,562	\$454,438
Board of Developmental Disabilities Fund	0	14,765
Job and Family Services Fund	0	66,277
Non-Major Governmental Funds	705,591	364,673
Total All Funds	\$900,153	\$900,153

NOTE 20 – 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.

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 2019, Pike County contributed \$375,942 to the program.

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 2019, Pike County contributed \$124,619 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 20 – JOINTLY GOVERNED ORGANIZATIONS (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.

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 2019.

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 2019.

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 \$52,163 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 21 - RELATED ORGANIZATIONS

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 2019.

NOTE 21 - RELATED ORGANIZATIONS (Continued)

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 2019.

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 2019 for goods and services plus the annual contract amount.

NOTE 22 - CONTINGENT LIABILITIES

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

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.

Pike County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 23 – 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 Disabilities	Job and Family Services	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>						
Materials & Supplies Inventory	\$4,654	\$411,545	\$0	\$0	\$796	\$416,995
Prepaid Items	75,727	601	45,346	25,368	64,215	211,257
Unclaimed Monies	295,645	0	0	0	0	295,645
Total Nonspendable	<u>376,026</u>	<u>412,146</u>	<u>45,346</u>	<u>25,368</u>	<u>65,011</u>	<u>923,897</u>
<i>Restricted:</i>						
Loans	0	0	0	0	780,884	780,884
Capital Projects	0	0	0	0	824,559	824,559
Debt Service	0	0	0	0	49,214	49,214
Community Development	0	0	0	0	1,233,351	1,233,351
Law Enforcement	0	0	0	0	119,071	119,071
Children Services	0	0	0	0	1,304,274	1,304,274
Child Support Enforcement	0	0	0	0	728,811	728,811
Motor Vehicle Gas Tax	0	3,226,273	0	0	0	3,226,273
Court Services	0	0	0	0	284,083	284,083
Senior Citizens	0	0	0	0	669,543	669,543
Board of Developmental Disabilities	0	0	4,813,937	0	0	4,813,937
Job and Family Services	0	0	0	479,658	0	479,658
Emergency Medical Services	0	0	0	0	108,781	108,781
Real Estate Assessment	0	0	0	0	89,589	89,589
Other Federal and State Programs	0	0	0	0	1,203,171	1,203,171
Total Restricted	<u>0</u>	<u>3,226,273</u>	<u>4,813,937</u>	<u>479,658</u>	<u>7,395,331</u>	<u>15,915,199</u>
<i>Assigned:</i>						
Future Appropriations	1,412,044	0	0	0	0	1,412,044
Certificate of Title	538,970	0	0	0	0	538,970
General Government	57,576	0	0	0	0	57,576
Total Assigned	<u>2,008,590</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,008,590</u>
<i>Unassigned</i>	<u>3,835,043</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(49,776)</u>	<u>3,785,267</u>
Total Fund Balances	<u>\$6,219,659</u>	<u>\$3,638,419</u>	<u>\$4,859,283</u>	<u>\$505,026</u>	<u>\$7,410,566</u>	<u>\$22,632,953</u>

NOTE 24 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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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 Six Years

	2018	2017	2016	2015
<i>Pension (1)</i>				
County's Proportion of the Net Pension Liability	0.08609100%	0.08920600%	0.08211700%	0.07815200%
County's Proportionate Share of the Net Pension Liability	\$23,578,580	\$13,994,692	\$18,647,375	\$13,536,912
County Covered-Employee Payroll	\$10,810,217	\$11,698,363	\$11,724,872	\$8,441,166
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	218.11%	119.63%	159.04%	160.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%
<i>OPEB (2)</i>				
County's Proportion of the Net OPEB Liability	0.08131000%	0.08441000%	0.07828690%	N/A
County's Proportionate Share of the Net OPEB Liability	\$10,600,905	\$9,166,304	\$7,907,243	N/A
County Covered-Employee Payroll	\$10,810,217	\$11,698,363	\$11,724,872	N/A
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	98.06%	78.36%	67.44%	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.05%	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.
See accompanying notes to the Required Supplementary Information.

2014	2013
0.06118300%	0.06118300%
\$7,379,353	\$7,212,679
\$7,810,197	\$10,615,575
94.48%	67.94%
86.45%	86.36%
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A

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 Seven years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i><u>Pension</u></i> (1)				
County's Proportion of the Net Pension Liability	0.00167691%	0.00171992%	0.00208900%	0.00212676%
County's Proportionate Share of the Net Pension Liability	\$370,839	\$378,172	\$496,246	\$711,891
County Covered-Employee Payroll	\$197,536	\$189,907	\$217,900	\$232,564
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	187.73%	199.14%	227.74%	306.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%
<i><u>OPEB</u></i> (2)				
County's Proportion of the Net OPEB Liability	0.00167691%	0.00171992%	0.00208900%	N/A
County's Proportionate Share of the Net OPEB Asset	\$27,774	\$27,637	\$0	N/A
County's Proportionate Share of the Net OPEB Liability	\$0	\$0	\$81,505	N/A
County Covered-Employee Payroll	\$197,536	\$189,907	\$217,900	N/A
County's Proportionate Share of the Net OPEB Asset/Liability as a Percentage of its Covered-Employee Payroll	-14.55%	-14.55%	37.40%	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.74%	176.00%	47.11%	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.

See accompanying notes to the Required Supplementary Information.

2015	2014	2013
0.00225361%	0.00207886%	0.00207886%
\$622,832	\$505,651	\$602,328
\$241,557	\$251,031	\$230,200
257.84%	199.84%	261.65%
72.09%	74.71%	69.30%
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i><u>OPERS - Law Enforcement</u></i>				
Contractually Required Contribution	\$165,757	\$212,819	\$239,362	\$203,271
Contributions in Relation to the Contractually Required Contribution	<u>(165,757)</u>	<u>(212,819)</u>	<u>(239,362)</u>	<u>(203,271)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$915,785	\$1,175,796	\$1,399,778	\$1,262,553
Contributions as a Percentage of Covered-Employee Payroll	18.10%	18.10%	17.10%	16.10%
<i><u>OPERS - All Others</u></i>				
Contractually Required Contribution	\$1,349,424	\$1,348,819	\$1,338,816	\$838,310
Contributions in Relation to the Contractually Required Contribution	<u>(1,349,424)</u>	<u>(1,348,819)</u>	<u>(1,338,816)</u>	<u>(838,310)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$9,638,743	\$9,634,421	\$10,298,585	\$6,985,917
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	12.00%

See accompanying notes to the Required Supplementary Information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$154,474	\$113,628	\$170,509	\$155,148	\$140,654	\$153,664
<u>(154,474)</u>	<u>(113,628)</u>	<u>(170,509)</u>	<u>(155,148)</u>	<u>(140,654)</u>	<u>(153,664)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$959,466	\$705,764	\$997,129	\$1,100,340	\$997,546	\$1,193,970
16.10%	16.10%	17.10%	14.10%	14.10%	12.87%
\$897,804	\$852,532	\$1,250,398	\$1,137,753	\$1,031,463	\$1,126,870
<u>(897,804)</u>	<u>(852,532)</u>	<u>(1,250,398)</u>	<u>(1,137,753)</u>	<u>(1,031,463)</u>	<u>(1,126,870)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,481,700	\$7,104,433	\$9,618,446	\$11,377,530	\$10,314,630	\$12,520,778
12.00%	12.00%	13.00%	10.00%	10.00%	9.00%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i><u>OPERS - Law Enforcement</u></i>				
Contractually Required Contribution	\$0	\$0	\$13,998	\$25,251
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(13,998)</u>	<u>(25,251)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$915,785	\$1,175,796	\$1,399,778	\$1,262,553
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	1.00%	2.00%
<i><u>OPERS - All Others</u></i>				
Contractually Required Contribution	\$0	\$0	\$102,986	\$139,718
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(102,986)</u>	<u>(139,718)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$9,638,743	\$9,634,421	\$10,298,585	\$6,985,917
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	1.00%	2.00%

Amounts presented as of the County's Fiscal Year.

See accompanying notes to the Required Supplementary Information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$19,187	\$14,115	\$9,971	\$44,014	\$39,902	\$47,759
<u>(19,187)</u>	<u>(14,115)</u>	<u>(9,971)</u>	<u>(44,014)</u>	<u>(39,902)</u>	<u>(47,759)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$959,466	\$705,764	\$997,129	\$1,100,340	\$997,546	\$1,193,970
2.00%	2.00%	1.00%	4.00%	4.00%	5.00%
\$149,634	\$142,089	\$96,184	\$455,101	\$412,585	\$500,831
<u>(149,634)</u>	<u>(142,089)</u>	<u>(96,184)</u>	<u>(455,101)</u>	<u>(412,585)</u>	<u>(500,831)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,481,700	\$7,104,433	\$9,618,446	\$11,377,530	\$10,314,630	\$12,520,778
2.00%	2.00%	1.00%	4.00%	4.00%	5.00%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i><u>Pension</u></i>				
Contractually Required Contribution	\$27,655	\$26,587	\$30,506	\$32,559
Contributions in Relation to the Contractually Required Contribution	<u>(27,655)</u>	<u>(26,587)</u>	<u>(30,506)</u>	<u>(32,559)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$197,536	\$189,907	\$217,900	\$232,564
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
<i><u>OPEB</u></i>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$197,536	\$189,907	\$217,900	\$232,564
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

Amounts presented as of the County's Fiscal Year.

See accompanying notes to the Required Supplementary Information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$33,818	\$32,894	\$29,926	\$25,319	\$22,354	\$20,811
<u>(33,818)</u>	<u>(32,894)</u>	<u>(29,926)</u>	<u>(25,319)</u>	<u>(22,354)</u>	<u>(20,811)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$241,557	\$253,031	\$230,200	\$194,762	\$171,954	\$160,085
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$2,530	\$2,302	\$1,948	\$1,720	\$1,601
<u>0</u>	<u>(2,530)</u>	<u>(2,302)</u>	<u>(1,948)</u>	<u>(1,720)</u>	<u>(1,601)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$241,557	\$253,031	\$230,200	\$194,762	\$171,954	\$160,085
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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PIKE COUNTY
Notes to the Required Supplementary Information
For the Fiscal Year Ended December 31, 2019

NOTE 1 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

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.

2019: The investment return assumption reducing it from 7.50% to 7.20%.

Other Postemployment Benefits

Changes in benefit terms: For 2018-2019, there were no changes in benefit terms.

Changes in assumptions:

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

For 2019, the single discount rate changed from 3.85% to 3.96% and investment return assumption reducing it from 6.50% to 6.0%.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms: For 2018-2019, there were no changes in benefit terms.

Changes in assumptions: For 2018-2019, there were no changes in assumptions.

Other Postemployment Benefits

Changes in benefit terms: For 2018-2019, there were no changes in benefit terms.

Changes in assumptions:

For 2018, there were no changes in assumptions.

For 2019, the single discount rate changed from 3.24% to 4.66%.

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PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor / Pass through Grantor / Program Title	Federal CFDA Number	Pass-Through Grant Number	Pass-Thru Subrecipient	Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through Ohio Department of Job and Family Services:</i>				
<i>Supplemental Nutrition Assistance Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance	10.561	G-1819-11-5567	\$0	\$225,423
Total Supplemental Nutrition Assistance Cluster			<u>0</u>	<u>225,423</u>
Total U.S. Department of Agriculture			<u>0</u>	<u>225,423</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Ohio Department of Development</i>				
Community Development Block Grant	14.228	B-F-17-1C1-1		246,028
Total Community Development Block Grant			<u>0</u>	<u>246,028</u>
Total U.S. Department of Housing and Urban Development			<u>0</u>	<u>246,028</u>
<u>U.S. Department of Justice</u>				
<i>Passed through Ohio Office of Criminal Justice Services:</i>				
Crime Victim Assistance	16.575	2019-VOCA-109857811	0	15,238
Crime Victim Assistance	16.575	2020-VOCA-132923673	0	4,568
Total U.S. Department of Justice			<u>0</u>	<u>19,806</u>
<u>U.S. Department of Transportation</u>				
<i>Direct from the Federal Government:</i>				
Airport Improvement Program	20.106	3-39-0088-014-2019	0	83,284
Total Airport Improvement Program			<u>0</u>	<u>83,284</u>
<i>Passed Through Ohio Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	PID #108424	0	14,625
Highway Planning and Construction	20.205	PID#108474	0	1,152
Highway Planning and Construction	20.205	PID#109179	0	18,554
Highway Planning and Construction	20.205	PID#108464	0	44,446
Highway Planning and Construction	20.205	PID#108129	0	10,583
Highway Planning and Construction	20.205	PID#108463	0	40,950
Highway Planning and Construction	20.205	PID#108262	0	3,771
Total Highway Planning and Construction Cluster			<u>0</u>	<u>134,081</u>
Total U.S. Department of Transportation			<u>0</u>	<u>217,365</u>
<u>U.S. Department of Appalachian Regional Commission</u>				
<i>Direct from Federal Government:</i>				
Community Infrastructure	23.001	OH-18960		157,195
Total Community Infrastructure			<u>0</u>	<u>157,195</u>
Total U.S. Department of Appalachian Regional Commission			<u>0</u>	<u>157,195</u>
<u>U.S. Department of Education</u>				
<i>Passed through Ohio Department of Education:</i>				
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	6B-SF	0	8,342
Total Special Education Cluster			<u>0</u>	<u>8,342</u>
<i>Passed through Ohio Department of Disabilities:</i>				
Special Education Grants for Infants and Families	84.181	H181A1700024	0	11,430
Special Education Grants for Infants and Families	84.181	H181A1800024	0	19,250
Total Special Education Grants for Infants and Families			<u>0</u>	<u>30,680</u>
Total U.S. Department of Education			<u>0</u>	<u>39,022</u>

(Continued)

PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

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	230,931
Pre-Disaster Mitigation	97.047	EMC-2018-PC-00006	0	17,850
Emergency Management Performance Grants	97.042	EMC-2018-EP-00006	0	16,355
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005	0	21,759

Total U.S. Department of Homeland Security			0	286,895
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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	6,457
Child Support Enforcement	93.563	G-1819-11-5567	0	250,942
Child Welfare Services - State Grants	93.645	N/A	0	32,471
Foster Care Title IV-E	93.658	N/A	0	205,419
Adoption Assistance	93.659	N/A	0	159,592
Children's Health Insurance Program	93.767	G-1819-11-5567	0	1,889

Temporary Assistance for Needy Families Cluster:

Temporary Assistance for Needy Families	93.558	G-1819-11-5567	257,120	1,759,585
Total Temporary Assistance for Needy Families Cluster			257,120	1,759,585

Child Care and Development Block Grant Cluster:

Child Care and Development Block Grant	93.575	G-1819-11-5567	0	47,661
Total Child Care and Development Block Grant Cluster			0	47,661

Passed through Ohio Department of Job & Family Services:

<i>Medical Assistance Program Cluster:</i>				
Title XIX	93.778	G-1819-11-5567	0	620,926

Passed through Ohio Department of Developmental Disabilities:

<i>Medical Assistance Program Cluster:</i>				
Title XIX Medicaid Administrative Claiming	93.778	N/A	0	279,662
Total Medical Assistance Program Cluster			0	900,588

Passed through Ohio Department of Job & Family Services:

Social Services Block Grant	93.667	G-1819-11-5567	0	250,510
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Passed through Ohio Department of Developmental Disabilities:

Social Services Block Grant	93.667	N/A	0	23,579
Total Social Services Block Grant			0	274,089

Passed through the Ohio Department of Health:

Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visit	93.505	06610021MH0319		311,616
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visit	93.505	00610021MH0420	0	45,358
Total Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program			0	356,974

Total U.S. Department of Health and Human Services			257,120	3,995,667
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Total Federal Awards Expenditures			\$257,120	\$5,187,401
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See the accompanying notes to the schedule of federal awards expenditures.

PIKE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENITURES
DECEMBER 31, 2019**

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, 2019. 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.

NOTE C – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

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

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

The current cash balance on the County's local program income accounts as of December 31, 2019 are \$280,052.54 for CDBG and \$0 for HOME.

NOTE F – 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 G – 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 H – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2019, the County made allowable transfers of \$305,000 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 \$250,510 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 2019 and the amount transferred to the Temporary Assistance for Needy Families program.

Social Services Block Grant	\$250,510
Transferred to Temporary Assistance for Needy Families	<u>(305,000)</u>
Total Social Services Block Grant	\$555,510

NOTE I – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

The County reported Disaster Grants – Public Assistance (Presidentially Declared Disasters) FEMA receipts in amount of \$209,959 in 2018. The County did not make a federally qualifying expenditures related to this program during 2018, however, reported receipts as done in past practice due to grant being on reimbursement basis. Therefore, these adjustments affect 2018 calendar-year program expenditures previously reported as follows:

Program	CFDA Number	Pass Through Number	2018 Federal Expenditures Reported	Adjustment Amount	Adjusted 2018 Federal Expenditures Reported
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4360-DR-131USEYE	\$209,959	(\$209,959)	\$0

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 Pike County, (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 21, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 through 2019-003 to be 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 financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of finding as items 2019-002.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and 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
January 21, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Pike County
230 Waverly Plaza
Waverly, Ohio 45690

To the Board of Commissioners:

Report on Compliance for Each 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, 2019. 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 programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, 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, 2019.

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
January 21, 2021

PIKE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

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 10.561 State Administrative Matching Grants for Supplemental Nutrition Assistance Program 14.228 Community Development Block Grant
(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 2019-001

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 Property Taxes not Levied to Finance Current Year Operations by \$658,476, and overstated Property Taxes, Levied for General Purposes by \$385,681, Property Taxes, Levied for Public Safety by \$48,835, Property Taxes, Levied for Health by \$150,574 and Property Taxes, Levied for Human Services by \$73,386.
- The County overstated Operating Grants and Contributions – Human Services and Human Services Expense, and understated Operating Grants and Contributions – Legislative and Executive and Legislative and Executive Expense by \$17,850.
- The County overstated Loans Receivable by \$61,213, and understated Other Revenue by \$117,813, Charges for Services and Sales – Economic Development and Assistance by \$360,678 and Economic Development and Assistance Expense by \$539,704.
- The County understated Equity in Pooled Cash and Investments by \$90,415, Cash and Cash Equivalents with Fiscal Agents by \$82,404, Accounts Payable by \$7,290, and overstated Claims Payable by \$29,434, Legislative and Executive Expense by \$194,963.
- The County overstated Capital Grants and Contributions – Public Works and understated Long-Term Liabilities – Due in More than One Year by \$370,827.
- The County overstated Long-term Liabilities – Due in More than One Year and understated Public Works expenditures in the amount of \$7,500.
- The County understated Long-term Liabilities – Due Within One Year and overstated Long-term Liabilities – Due in More than One Year by \$32,294.
- The County overstated Charges for Services and Sales - Health and understated Operating Grants and Contributions- Health by \$279,662.
- The County overstated Operating Grants and Contributions- Health and understated Charges for Services and Sales - Health by \$142,132.
- The County overstated Other Revenue and understated Charges for Services and Sales – Public Works by \$292,602.

**FINDING NUMBER 2019-001
(Continued)**

- The County understated Intergovernmental Receivables by \$2,326,380, Operating Grants and Contributions – Human Services by \$732,747, Capital Grant and Contributions – Public Works by \$1,907,439, and Public Works expense by \$16,162 and overstated Operating Grants and Contributions – Health by \$297,674.
- The County overstated Capital Grants and Contributions – Public Works and Public Works Expense by \$399,438.

General Fund

- The County overstated Unavailable Revenue by \$350,323, understated Property Taxes not Levied to Finance Current Year Operations by \$331,596 and Property Taxes by \$18,727.

Motor Vehicle and Gas Tax Fund

- The County overstated Other Revenue and understated Charges for Services by \$292,602.
- The County overstated Principal Retirement and understated Public Works expenditures in the amount of \$7,500.

Board of Developmental Disabilities

- The County overstated Unavailable Revenue by \$162,781, understated Property Taxes not Levied to Finance Current Year Operations by \$150,574 and Property Taxes by \$12,207.
- The County overstated Intergovernmental Receivable by \$297,674, Unavailable Revenue by \$274,220 and Intergovernmental Revenue by \$23,454.
- The County overstated Charges for Services and understated Intergovernmental by \$279,662.
- The County understated Charges for Services and overstated Intergovernmental by \$142,132.

Job and Family Services Fund

- The County understated Intergovernmental Receivable and Intergovernmental Revenue in the amount of \$513,668.
- The County overstated Intergovernmental Revenue and Human Services by \$17,850.

Remaining Fund Information

- The County understated Intergovernmental Revenue and Legislative and Executive Expense by \$17,850.
- The County overstated Intergovernmental Revenue and understated OPWC Loans Issued by \$370,827.
- The County overstated Loans Receivable by \$61,213, and understated Other Revenue by \$117,813, Charges for Services by \$360,678 and Economic Development and Assistance by \$539,704.
- The County overstated Unavailable Revenue by \$188,790, understated Property Taxes not Levied to Finance Current Year Operations by \$176,306 and Property Taxes by \$12,484.

**FINDING NUMBER 2019-001
(Continued)**

- The County understated Intergovernmental Receivables in the amount of \$2,110,386, Unavailable Revenue in the amount of \$1,287,494 and Intergovernmental Revenue in the amount of \$839,024 and Capital Outlay by \$16,132.
- The County overstated Intergovernmental Revenue and Capital Outlay by \$399,438.

Internal Service Fund

- The County understated Charges for Services by \$1,158,666, Contractual Services by \$963,006, Claims by \$697, Equity in Pooled Cash and Investments by \$90,415, Cash and Cash Equivalents with Fiscal Agents by \$82,404, Accounts Payable by \$7,290, respectively and overstated Claims Payable by \$29,434.

Sewer Fund

- The County understated Depreciable Capital Assets by \$37,922 and Depreciation Expense by \$65,478 and overstated Contractual Services by \$103,400.
- The County understated Unrestricted Fund Balance and overstated Net Invested in Capital Assets by \$6,458.

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 \$947 to \$200,000.

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 \$947 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 \$6,812 to \$99,237.

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 \$1,676 to \$63,523.

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 \$2,331 to \$114,607.

**FINDING NUMBER 2019-001
 (Continued)**

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.

FINDING NUMBER 2019-002

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.

Ohio Admin. Code § 117-2-01(A) provides that 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:

Governmental Type Activities	<i>Additions Adjustments</i>	<i>Deletions Adjustments</i>	<i>Net Adjustments</i>
Land	\$5,219	\$0	\$5,219
Construction in Progress	1,940,216	(1,441,686)	498,530
<i>Total Nondepreciable Capital Assets</i>	<u>1,945,435</u>	<u>(1,441,686)</u>	<u>503,749</u>
Buildings and Improvements	(480,240)	(200,691)	(680,931)
Machinery and Equipment	316,003	0	316,003
Vehicles	46,100	0	46,100
Infrastructure	1,246,711	(19,132)	1,227,579
<i>Total Depreciable Capital Assets</i>	<u>1,128,574</u>	<u>(219,823)</u>	<u>908,751</u>
Furniture and Fixtures	(3,954)	0	(3,954)
Buildings and Improvements	(442,945)	7,844	(435,101)
Machinery and Equipment	(10,753)	727	(10,026)
Vehicles	(82,496)	0	(82,496)
Infrastructure	1,897,954	12,190	1,910,144
<i>Total Accumulated Depreciation</i>	<u>1,357,806</u>	<u>54,080</u>	<u>1,378,567</u>
<i>Depreciable Capital Assets, Net</i>	<u>2,486,380</u>	<u>(199,062)</u>	<u>2,287,318</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$4,207,886</u>	<u>\$(1,640,748)</u>	<u>\$2,791,067</u>

**FINDING NUMBER 2019-002
 (Continued)**

Business Type Activities	<i>Additions Adjustments</i>	<i>Deletions Adjustments</i>	<i>Net Adjustments</i>
Machinery and Equipment	\$ 82,632	0	\$ 82,632
Vehicles	20,768	0	20,768
<i>Total Depreciable Capital Assets</i>	103,400	0	459,336
Buildings and Improvements	(7,776)	0	(7,776)
Machinery and Equipment	(56,778)	0	(56,778)
Vehicles	(923)	0	(923)
Infrastructure	(36,654)		(36,654)
<i>Total Accumulated Depreciation</i>	(102,131)	0	(102,131)
<i>Depreciable Capital Assets, Net</i>	1,269	0	1,269
<i>Business Type Activities Capital Assets, Net</i>	<u>\$ 1,269</u>	<u>0</u>	<u>\$ 1,269</u>

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.
- 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.

**FINDING NUMBER 2019-002
(Continued)**

Officials' Response:

The County is working with Millhuff-Stang on creating a system to better keep track of our assets, deletions and construction in progress records.

FINDING NUMBER 2019-003

Material Weakness

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. R.C. § 319.29.

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. R.C. § 5713.31(A).

Ohio Rev. Code § 323.152(A) prescribes the requirements and procedures for participation in the Homestead reduction program. Parcel owners are eligible to participate in the program if they are: (i) A person who is permanently and totally disabled; (ii) A person who is sixty-five years of age or older; or (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.

We identified the following control weaknesses related to the 2018 and 2019 tax duplicates and subsequent 2020 tax collections:

Remitters

- The former County Auditor issued remitters to correct clerical errors. In fiscal year 2019, the former County Auditor and current County Auditor, as required by Ohio Rev. Code § 5713.19, issued 3,207 remitters, totaling an estimated \$1,484,482 in reduction in tax value for "clerical corrections" to the reappraisal. The Auditor of State sampled 58 remitters and identified 8 remitters, or 14%, that did not have supporting documentation from the former County Auditor's Office Administration. The majority of remitters were for correction of building and land values to amounts comparable to the prior year amount paid.
- The 3,207 remitters generated 1,419 refunds totaling \$330,533 in fiscal year 2019. The Auditor of State sampled 40 refunds and identified that 15, or 38%, refunds did not have support maintained with remitters.

Tax Reduction Documentation

- We selected a sample of 22 parcels of the 2,315 parcels receiving CAUV (Current Agricultural Use Value) in Tax Year 2018 (Collection Year 2019) to determine if the individual had an approved application on file. Of the 22 parcels sampled, one parcel, or 4.5%, did not have an approved application on file.

**FINDING NUMBER 2019-003
(Continued)**

- We identified 2,235 parcels totaling \$649,945 in tax reduction received the Homestead credit for taxes collected in 2019. We selected a sample of 22 parcels of the 2,235 parcels receiving Homestead credit to determine if the individual had an approved application on file. Of the 22 parcels sampled, 17 parcels, or 77%, did not have an appropriately approved application on file. Additionally, we selected a sample of 5 of the 2,235 parcels receiving Homestead credit to determine if the exemption was properly granted. Of the 5 parcels sampled, 2 parcels, or 40%, did not have an application on file, therefore we could not determine eligibility.
- We identified 6,580 parcels totaling \$171,710 in tax reduction received Homesite credit for taxes collected in 2019. We selected a sample of 22 parcels of the 6,580 parcels receiving Homesite credit to determine if the individual had an approved application on file. Of the 22 parcels sampled, 19 parcels, or 86%, did not have an appropriately approved application on file. Additionally, we selected a sample of 5 of the 6,580 parcels receiving Homesite credit to determine if the exemption was properly granted. Of the 5 parcels sampled, 3 parcels, or 60%, did not have an application on file, therefore we could not determine eligibility. 1 parcel, or 20%, was not eligible to receive the Homesite credit.

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 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 issue related to Findings for Recovery. This issue does not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2019-004

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 124.38 prescribes 4.6 hours of sick leave for each 80 hours of completed service (120 hours / year), applicable to county (except for superintendent and management employees of County Boards of Development Disabilities defined in Ohio Rev. Code § 5126.20), city, and civil service township service.

Per **Ohio Rev. Code § 124.39**, employees governed by Ohio Rev. Code § 124.38 and employed for greater than or equal than 10 years, are eligible for payment of twenty-five percent of their unused sick leave balance, up to a maximum of 30 days, upon retirement.

Mary Smith worked for the Prosecuting Attorney's office and received a severance payment for sick leave. She had a sick leave balance of 216.36 hours; was eligible to be paid 25% of that balance which was 54.09 hours; however, Ms. Smith was paid for 100% or 216.36 hours, resulting in an overpayment of \$2,921.

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 Mary Smith in the amount of \$2,921 and in favor of the Pike County General Fund in the amount of \$2,921.

Upon discovery of the facts, Ms. Smith made repayment in full to the County by check on June 10, 2020.

The County Auditor should review and ensure payout calculations conform to Ohio Revised Code § 124.39.

Officials' Response:

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

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Kayla N. Slusher
 Pike County Auditor

Pike County Government Center
 230 Waverly Plaza, Suite 200
 Waverly, Ohio 45690-1222
 Phone: 740.947.4125

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR 200.511(b)
 DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	2014 Material Weakness - Incorrect posting and reporting of various items.	Not Corrected	Repeated as 2019-001
2018-002	2015 Noncompliance/ Material Weakness - Ohio Administrative Code Section 117-02-2-02(A) – Capital Asset records not properly maintained.	Not Corrected	Repeated as 2019-002
2018-003	2017 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.	Significantly Different from Prior Year Corrective Action Taken	Repeated as 2019-003
2018-004	Finding for Recovery – Severance Overpayment	Not Corrected	2018 Fully Repaid / Issue Repeated as 2019-004
2018-005	Finding for Recovery – Improper Expenditures	Corrective Action Taken and Finding is Fully Corrected	

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Kayla N. Slusher
Pike County Auditor

Pike County Government Center
230 Waverly Plaza, Suite 200
Waverly, Ohio 45690-1222
Phone: 740.947.4125

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number: 2019-001
Planned Corrective Action: The county is working with each department to ensure they are correctly coding items for the new accounting system.
Anticipated Completion Date: 12/31/2021
Responsible Contact Person: Kayla N. Slusher

Finding Number: 2019-002
Planned Corrective Action: [The county is working with Millhuff-Stang on creating a system to better keep track of our assets, deletions, and construction in progress records,
Anticipated Completion Date: 12/31/2021
Responsible Contact Person: Kayla N. Slusher

Finding Number: 2019-003
Planned Corrective Action: The county will work with the department of taxation to ensure proper tax collection.
Anticipated Completion Date: 12/31/2021
Responsible Contact Person: Kayla N. Slusher

Finding Number: 2019-004
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: 12/31/2021
Responsible Contact Person: Tracy Bryant/Jessica White

OHIO AUDITOR OF STATE KEITH FABER



PIKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/16/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov