



Dave Yost • Auditor of State



**GALLIA COUNTY  
DECEMBER 31, 2016**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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 .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)	
General Fund.....	22
Motor Vehicle Gasoline Tax Fund.....	23
Job and Family Services Fund .....	24
Board of Developmental Disabilities Fund .....	25
Statement of Fund Net Position	
Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds.....	27
Statement of Cash Flows	
Proprietary Funds.....	28
Statement of Fiduciary Assets and Liabilities	
Agency Funds.....	29
Notes to the Basic Financial Statements.....	31

**GALLIA COUNTY  
DECEMBER 31, 2016**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Prepared by Management (Continued):	
Required Supplementary Information – Condition Assessments of the County’s Infrastructure Reported Using the Modified Approach.....	83
Required Supplementary Information – Schedule of the County’s Proportionate Share of the Net Pension Liability:	
Ohio Public Employees Retirement System – Traditional Plan - Last Three Years .....	89
State Teachers Retirement System of Ohio – Last Four Fiscal Years .....	90
Required Supplementary Information – Schedule of County Contributions:	
Ohio Public Employees Retirement System – Traditional Plan - Last Four Years .....	91
State Teachers Retirement System of Ohio – Last Ten Years .....	92
Schedule of Expenditures of Federal Awards .....	95
Notes to the Schedule of Expenditures of Federal Awards.....	97
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	
	99
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.....	
	101
Schedule of Findings.....	103
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	106
Corrective Action Plan .....	107



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 2016, 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 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 Gallia County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**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*, *Schedules for infrastructure assets accounted for using the modified approach*, and schedules of net pension liabilities and pension 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 (the Schedule) 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 the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 28, 2017

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**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The discussion and analysis of Gallia County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

## **FINANCIAL HIGHLIGHTS**

**Key financial highlights for year 2016 are as follows:**

- In total, net position increased \$7,045,246. Net position of governmental activities increased \$3,805,993, or 3.57 percent from 2015. Net position of business-type activities increased \$3,239,253 or 47.08 percent from 2015.
- Overall, the fund balance of governmental funds increased \$363,641. While the General Fund increased \$665,191, the Motor Vehicle Gasoline Tax Fund decreased \$473,511, the Job and Family Services Fund decreased \$615,792, and the Board of Developmental Disabilities Fund decreased \$267,646.

## **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the financial position of Gallia County.

The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County. Fund financial statements provide a greater 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. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column.

### ***Reporting Gallia County as a Whole***

#### *Statement of Net Position and Statement of Activities*

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net position and changes in net position. This change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or worsened. Over time, these changes are one indicator of whether the financial position is improving or deteriorating. However, in evaluating the overall position of the County, non-financial information, such as the condition of the County's capital assets and changes in the County's property tax base will also need to be evaluated.

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

- **Governmental Activities** – Most of the County's programs or services are reported here, including legislative and executive, judicial, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's Sewer system is reported here.

***Reporting the Gallia County's Most Significant Funds***

***Fund Financial Statements***

The basic governmental fund financial statements begin on page 13. Fund financial reports provide detailed information about the County's major funds. Based upon restrictions on the use of monies, the County has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. The County's major funds are the General Fund; the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds; and the Sewer Enterprise Fund.

***Governmental Funds*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

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

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

***Proprietary Funds*** The County uses enterprise funds to account for its sewer operations. For these operations, the County charges a fee to customers, based upon the amount of usage, to recover the costs of the services provided, and to cover the capital assets associated with the services.

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

**GALLIA COUNTY AS A WHOLE**

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 2016 compared to 2015.

(Table 1)  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$19,415,492	\$18,562,199	\$1,826,751	\$2,220,778	\$21,242,243	\$20,782,977
Capital Assets, Net	110,423,361	106,792,773	17,235,550	10,675,657	127,658,911	117,468,430
<i>Total Assets</i>	<u>129,838,853</u>	<u>125,354,972</u>	<u>19,062,301</u>	<u>12,896,435</u>	<u>148,901,154</u>	<u>138,251,407</u>
<b>Deferred Outflows of Resources</b>						
Pensions	5,296,184	1,739,436	0	0	5,296,184	1,739,436
<b>Liabilities</b>						
Current and Other Liabilities	2,427,719	2,188,913	696,984	290,198	3,124,703	2,479,111
Long-Term Liabilities:						
Due within One Year	146,759	138,651	177,142	526,528	323,901	665,179
Due in More than One Year						
Net Pension Liability	14,519,773	10,858,476	0	0	14,519,773	10,858,476
Other Amounts	2,902,362	2,998,443	8,068,941	5,199,728	10,971,303	8,198,171
<i>Total Liabilities</i>	<u>19,996,613</u>	<u>16,184,483</u>	<u>8,943,067</u>	<u>6,016,454</u>	<u>28,939,680</u>	<u>22,200,937</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	4,097,238	4,121,800	0	0	4,097,238	4,121,800
Pension	641,933	194,865	0	0	641,933	194,865
<i>Total Deferred Inflows of Resources</i>	<u>4,739,171</u>	<u>4,316,665</u>	<u>0</u>	<u>0</u>	<u>4,739,171</u>	<u>4,316,665</u>
<b>Net Position</b>						
Net Investment in Capital						
Assets	107,748,432	104,024,377	8,439,540	4,802,733	116,187,972	108,827,110
Restricted	8,715,749	8,692,326	0	0	8,715,749	8,692,326
Unrestricted (Deficit)	(6,064,928)	(6,123,443)	1,679,694	2,077,248	(4,385,234)	(4,046,195)
<i>Total Net Position</i>	<u>\$110,399,253</u>	<u>\$106,593,260</u>	<u>\$10,119,234</u>	<u>\$6,879,981</u>	<u>\$120,518,487</u>	<u>\$113,473,241</u>

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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GASB 68 requires the net pension liability equal the County's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

Governmental activities assets increased \$4,483,881, due mostly to increases in capital assets and intergovernmental receivables. Capital assets increased in the amount of \$3,630,588 due to road and bridge infrastructure additions. Intergovernmental receivables increased in the amount of \$429,676, due to an increase in grant funding. Deferred outflows related to pension increased \$3,556,748. The significant increase in total deferred outflow of resources in 2016 was due to an increase in the difference between projected and actual earnings on investments related to the County's net pension liability for OPERS.

Total governmental activities liabilities increased \$3,812,130, due mostly to net pension liability. Net pension liability increased \$3,661,297. The net pension liability increase represents the County's proportionate share of the OPERS traditional plan's unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

Total business-type activities assets increased \$6,165,866. Capital assets increased by \$6,559,893, due to ongoing construction in progress. The increase was slightly offset by a \$526,533 decrease in equity in pooled cash and cash equivalents.

Table 2 reflects the change in net position of the current year from the prior year.

(Table 2)  
 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$5,636,002	\$4,812,166	\$605,731	\$608,419	\$6,241,733	\$5,420,585
Operating Grants, Contributions and Interest	17,250,990	17,347,447	0	0	17,250,990	17,347,447
Capital Grants and Contributions	0	0	3,628,076	210,042	3,628,076	210,042
<i>Total Program Revenues</i>	<u>22,886,992</u>	<u>22,159,613</u>	<u>4,233,807</u>	<u>818,461</u>	<u>27,120,799</u>	<u>22,978,074</u>
General Revenues:						
Property Taxes	3,654,663	3,682,051	0	0	3,654,663	3,682,051
Sales Taxes	5,064,045	4,511,692	0	0	5,064,045	4,511,692
Grants and Entitlements	895,272	885,391	0	0	895,272	885,391
Interest	59,589	49,609	5,482	5,973	65,071	55,582
Gain on Sale of Capital Assets	4,732	0	0	0	4,732	0
Contributions and Donations	500	3,200	0	0	500	3,200
Insurance Recoveries	60,935	193,470	0	0	60,935	193,470
Miscellaneous	599,230	765,308	95,159	8,540	694,389	773,848
<i>Total General Revenues</i>	<u>10,338,966</u>	<u>10,090,721</u>	<u>100,641</u>	<u>14,513</u>	<u>10,439,607</u>	<u>10,105,234</u>
Total Revenues	<u>33,225,958</u>	<u>32,250,334</u>	<u>4,334,448</u>	<u>832,974</u>	<u>37,560,406</u>	<u>33,083,308</u>
<b>Program Expenses</b>						
General Government:						
Legislative and Executive	4,920,564	4,928,244	0	0	4,920,564	4,928,244
Judicial	2,134,815	2,166,690	0	0	2,134,815	2,166,690
Public Safety	5,466,490	5,184,511	0	0	5,466,490	5,184,511
Public Works	5,308,786	4,917,549	0	0	5,308,786	4,917,549
Health	3,164,633	2,936,805	0	0	3,164,633	2,936,805
Human Services	8,058,551	8,763,890	0	0	8,058,551	8,763,890
Economic Development	257,599	1,766,813	0	0	257,599	1,766,813
Interest and Fiscal Charges	108,527	116,099	0	0	108,527	116,099
Sewer	0	0	1,095,195	915,272	1,095,195	915,272
<i>Total Program Expenses</i>	<u>29,419,965</u>	<u>30,780,601</u>	<u>1,095,195</u>	<u>915,272</u>	<u>30,515,160</u>	<u>31,695,873</u>
Change in Net Position	3,805,993	1,469,733	3,239,253	(82,298)	7,045,246	1,387,435
<i>Net Position at Beginning of Year</i>	<u>106,593,260</u>	<u>105,123,527</u>	<u>6,879,981</u>	<u>6,962,279</u>	<u>113,473,241</u>	<u>112,085,806</u>
<i>Net Position at End of Year</i>	<u>\$110,399,253</u>	<u>\$106,593,260</u>	<u>\$10,119,234</u>	<u>\$6,879,981</u>	<u>\$120,518,487</u>	<u>\$113,473,241</u>

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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***Governmental Activities***

Program revenues accounted for 68.88 percent of total revenues for governmental activities in 2016. Governmental activities services are primarily funded through these program revenues, with operating grants accounting for \$17,250,990 or 51.92 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds.

The County's direct charges to users of governmental services made up \$5,636,002 or 16.96 percent of total governmental revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits, and public assistance fees.

General revenues, primarily property and sales taxes, accounted for 31.12 percent of total revenues. This highlights the County's dependence upon its citizens and taxpayers to fund those programs most important to them.

Human service programs accounted for \$8,058,551 or 27.39 percent of total expenses for governmental activities. The expenses are primarily for Job and Family Services, Children's Services, and Child Support Enforcement activity. These activities are almost entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$5,466,490 or 18.58 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity at the lowest cost to the taxpayer. The Work Release Center is an example of this philosophy.

Public works programs accounted for \$5,308,786 or 18.04 percent of all governmental activities. These activities are paid entirely with program revenues. The funding from other governmental granting agencies was used for numerous road and bridge projects throughout the County.

General government legislative and executive and judicial, health, economic development, and interest and fiscal charges expenditures account for the remaining 35.99 percent of governmental expenses.

***Business-Type Activities***

The County's sewer operations experienced an increase in net position of \$3,239,253 during 2016. Charges for services and capital grants accounted for \$605,731 and \$3,628,076, respectively, or 13.97 and 83.70 percent of total revenue. Sewer expenses increased \$179,923 from 2015.

**THE COUNTY'S FUNDS**

The County's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32,856,490 and expenditures of \$32,615,263.

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The fund balance of the General Fund increased \$665,191. The General Fund's unassigned fund balance of \$2,325,313 represented 27.26 percent of current year expenditures. Most of this balance remains in the County's treasury.

The fund balance of the Motor Vehicle Gasoline Tax Special Revenue Fund decreased \$473,511. The Motor Vehicle Gasoline Tax Special Revenue Fund's spendable fund balance of \$972,547 represented 11.74 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund decreased \$615,792. The Job and Family Services Special Revenue Fund ended the year with a deficit fund balance of \$290,972.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund decreased \$267,646. The Board of Developmental Disabilities Special Revenue Fund's spendable fund balance of \$681,589 represented 24.74 percent of current year expenditures.

The net position of the Sewer Enterprise Fund increased \$3,239,253. The Sewer Fund's unrestricted net position of \$1,679,694 represented 175.17 percent of current year expenses.

***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. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2016, the County amended its General Fund budget several times, though none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be changes during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, increases of \$1,052,681 were made to the original budgeted revenues. Final budgeted expenditures decreased \$81,375 from the original amount. Gallia County's ending unencumbered fund balance in the General Fund was \$20,713 more than the final budgeted amount.

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2016, the County had \$110,423,361 in governmental activities, and \$17,235,550 in business-type activities, invested in land, infrastructure, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 3 shows 2016 balances compared to 2015.

(Table 3)  
 Capital Assets at December 31, 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$648,565	\$648,565	\$0	\$0	\$648,565	\$648,565
Infrastructure	97,942,504	94,753,649	9,430,499	9,752,002	107,373,003	104,505,651
Construction in Progress	0	878,955	7,757,948	865,694	7,757,948	1,744,649
Land Improvements	25,087	27,489	0	0	25,087	27,489
Building and Improvements	9,410,814	8,009,701	0	0	9,410,814	8,009,701
Furniture, Fixtures, and Equipment	1,120,604	1,255,306	22,721	26,970	1,143,325	1,282,276
Vehicles	1,275,787	1,219,108	24,382	30,991	1,300,169	1,250,099
Totals	<u>\$110,423,361</u>	<u>\$106,792,773</u>	<u>\$17,235,550</u>	<u>\$10,675,657</u>	<u>\$127,658,911</u>	<u>\$117,468,430</u>

The assets of the County are reported at historical cost, net of depreciation. The County uses the modified approach to present infrastructure for its governmental type activities. Disclosures about the condition assessments for infrastructure can be found in the Required Supplementary Information. For additional information on capital assets, see Note 9 to the basic financial statements.

***Debt***

By year end, the County had various bonds, loans, and capital leases payable, totaling \$10,916,264 of which \$318,240 is due within one year.

(Table 4)  
 Outstanding Debt at December 31, 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$2,370,280	\$2,457,807	\$0	\$0	\$2,370,280	\$2,457,807
Revenue Bonds	0	0	6,457,100	3,779,241	6,457,100	3,779,241
OWDA Loans	0	0	1,210,623	1,564,895	1,210,623	1,564,895
OPWC Loans	183,074	162,287	573,612	378,084	756,686	540,371
Capital Leases	121,575	148,302	0	0	121,575	148,302
Totals	<u>\$2,674,929</u>	<u>\$2,768,396</u>	<u>\$8,241,335</u>	<u>\$5,722,220</u>	<u>\$10,916,264</u>	<u>\$8,490,616</u>

The County's overall legal debt margin was \$15,892,209 at December 31, 2016. For additional information on the County's debt, see Notes 18 and 23 to the basic financial statements.

**Gallia County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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**CURRENT ISSUES**

As the preceding information shows, the County depends heavily on its taxpayers and grants and entitlements. Gallia County has tightened spending to better bring expenses in line with revenues, and carefully watched financial planning, in order to remain on firm financial footing.

**CONTACTING THE COUNTY AUDITOR'S DEPARTMENT**

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 any questions about this report or need additional financial information, contact Larry M. Betz, Gallia County Auditor, 18 Locust Street, Gallipolis, Ohio 45631.

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**Gallia County, Ohio**  
*Statement of Net Position*  
*December 31, 2016*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$8,836,394	\$1,595,470	\$10,431,864
Cash and Cash Equivalents in Segregated Accounts	59,334	0	59,334
Cash and Cash Equivalents with Fiscal Agents	320,078	0	320,078
Accounts Receivable	257,169	144,164	401,333
Internal Balances	50,593	(50,593)	0
Intergovernmental Receivable	3,359,793	136,074	3,495,867
Sales Tax Receivable	835,500	0	835,500
Materials and Supplies Inventory	246,295	0	246,295
Prepaid Items	250,861	1,636	252,497
Loans Receivable	656,240	0	656,240
Property Taxes Receivable	4,543,235	0	4,543,235
Nondepreciable Capital Assets	98,591,069	7,757,948	106,349,017
Depreciable Capital Assets, Net	11,832,292	9,477,602	21,309,894
<i>Total Assets</i>	<u>129,838,853</u>	<u>19,062,301</u>	<u>148,901,154</u>
<b>Deferred Outflows of Resources</b>			
Pension	5,296,184	0	5,296,184
<b>Liabilities</b>			
Accounts Payable	639,607	12,250	651,857
Contracts Payable	186,776	554,971	741,747
Accrued Wages Payable	578,127	5,740	583,867
Vacation Benefits Payable	858,392	4,602	862,994
Intergovernmental Payable	132,961	8,482	141,443
Accrued Interest Payable	17,447	110,939	128,386
Unearned Revenue	14,409	0	14,409
Long-Term Liabilities:			
Due within One Year	146,759	177,142	323,901
Due in More than One Year:			
Net Pension Liability (See Note 11)	14,519,773	0	14,519,773
Other Amounts Due in More than One Year	2,902,362	8,068,941	10,971,303
<i>Total Liabilities</i>	<u>19,996,613</u>	<u>8,943,067</u>	<u>28,939,680</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,097,238	0	4,097,238
Pension	641,933	0	641,933
<i>Total Deferred Inflows of Resources</i>	<u>4,739,171</u>	<u>0</u>	<u>4,739,171</u>
<b>Net Position</b>			
Net Investment in Capital Assets	107,748,432	8,439,540	116,187,972
Restricted for:			
Debt Service	92,515	0	92,515
Capital Outlay	12,819	0	12,819
Court Operations	1,614,353	0	1,614,353
Sheriff Operations	190,897	0	190,897
Emergency Management Services	781,214	0	781,214
Real Estate Management	899,964	0	899,964
Roads and Bridges	2,386,639	0	2,386,639
Developmental Disabilities	934,478	0	934,478
Economic Development	984,057	0	984,057
Unclaimed Monies	10,460	0	10,460
Other Purposes	808,353	0	808,353
Unrestricted	(6,064,928)	1,679,694	(4,385,234)
<i>Total Net Position</i>	<u>\$110,399,253</u>	<u>\$10,119,234</u>	<u>\$120,518,487</u>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$4,920,564	\$1,739,453	\$202,625	\$0
Judicial	2,134,815	1,095,503	801,383	0
Public Safety	5,466,490	1,623,261	267,854	0
Public Works	5,308,786	135,098	7,779,590	0
Health	3,164,633	405,950	1,113,604	0
Human Services	8,058,551	516,613	6,250,005	0
Economic Development	257,599	120,124	835,929	0
Interest and Fiscal Charges	108,527	0	0	0
<i>Total Governmental Activities</i>	29,419,965	5,636,002	17,250,990	0
<b>Business-Type Activity</b>				
Sewer	1,095,195	605,731	0	3,628,076
<i>Total Primary Government</i>	<u>\$30,515,160</u>	<u>\$6,241,733</u>	<u>\$17,250,990</u>	<u>\$3,628,076</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Board of Developmental Disabilities

Sales Taxes Levied for:

General Purposes

Public Safety

Grants and Entitlements not Restricted to Specific Programs

Gifts and Donations

Interest

Gain on Sale of Capital Assets

Insurance Recoveries

Other Revenues

*Total General Revenues*

Change 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

Governmental Activities	Business-Type Activity	Total
(\$2,978,486)	\$0	(\$2,978,486)
(237,929)	0	(237,929)
(3,575,375)	0	(3,575,375)
2,605,902	0	2,605,902
(1,645,079)	0	(1,645,079)
(1,291,933)	0	(1,291,933)
698,454	0	698,454
(108,527)	0	(108,527)
(6,532,973)	0	(6,532,973)
0	3,138,612	3,138,612
(6,532,973)	3,138,612	(3,394,361)
2,523,922	0	2,523,922
1,130,741	0	1,130,741
4,051,213	0	4,051,213
1,012,832	0	1,012,832
895,272	0	895,272
500	0	500
59,589	5,482	65,071
4,732	0	4,732
60,935	0	60,935
599,230	95,159	694,389
10,338,966	100,641	10,439,607
3,805,993	3,239,253	7,045,246
106,593,260	6,879,981	113,473,241
\$110,399,253	\$10,119,234	\$120,518,487

**Gallia County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2016*

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,024,523	\$710,682	\$400,159	\$373,468	\$4,916,164	\$8,424,996
Cash and Cash Equivalents in Segregated Accounts	8,035	0	0	0	25,762	33,797
Cash and Cash Equivalents with Fiscal Agents	0	0	0	320,078	0	320,078
Restricted Assets:						
Cash and Cash Equivalents	10,460	0	0	0	0	10,460
Receivables:						
Property Taxes	3,277,753	0	0	1,265,482	0	4,543,235
Sales Taxes	668,407	0	0	0	167,093	835,500
Accounts	27,549	0	0	0	229,620	257,169
Intergovernmental	463,311	1,912,197	173	460,876	523,236	3,359,793
Loans	0	0	0	0	656,240	656,240
Interfund	524,299	2,050	1,301	1,470	42,079	571,199
Materials and Supplies Inventory	0	246,295	0	0	0	246,295
Prepaid Items	132,571	19,192	22,126	27,587	49,385	250,861
<i>Total Assets</i>	<u>\$7,136,908</u>	<u>\$2,890,416</u>	<u>\$423,759</u>	<u>\$2,448,961</u>	<u>\$6,609,579</u>	<u>\$19,509,623</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$143,412	\$115,337	\$269,047	\$30,217	\$81,594	\$639,607
Contracts Payable	15,058	171,188	0	0	530	186,776
Accrued Wages Payable	207,976	55,437	75,880	93,487	145,347	578,127
Intergovernmental Payable	61,389	8,738	10,251	21,641	30,942	132,961
Interfund Payable	2,050	19,192	345,144	27,587	126,633	520,606
Unearned Revenue	0	0	14,409	0	0	14,409
<i>Total Liabilities</i>	<u>429,885</u>	<u>369,892</u>	<u>714,731</u>	<u>172,932</u>	<u>385,046</u>	<u>2,072,486</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes not Levied to Finance Current Year Operations	2,960,631	0	0	1,136,607	0	4,097,238
Unavailable Revenue	627,941	1,282,490	0	430,246	251,909	2,592,586
<i>Total Deferred Inflows of Resources</i>	<u>3,588,572</u>	<u>1,282,490</u>	<u>0</u>	<u>1,566,853</u>	<u>251,909</u>	<u>6,689,824</u>
<b>Fund Balances</b>						
Nonspendable						
Inventories	0	246,295	0	0	0	246,295
Prepaid Items	132,571	19,192	22,126	27,587	49,385	250,861
Unclaimed Monies	10,460	0	0	0	0	10,460
Restricted for:						
Road and Bridge Projects	0	972,547	0	0	0	972,547
Emergency Management Services	0	0	0	0	805,678	805,678
Court Operations	0	0	0	0	1,524,045	1,524,045
Real Estate Assessments	0	0	0	0	930,604	930,604
Developmental Disabilities	0	0	0	681,589	0	681,589
Economic Development	0	0	0	0	996,593	996,593
Children Services Operations	0	0	0	0	164,493	164,493
Child Support Services	0	0	0	0	719,424	719,424
Debt Service	0	0	0	0	109,962	109,962
Other Purposes	0	0	0	0	2,221	2,221
Sheriff Operations	0	0	0	0	146,924	146,924
Committed to:						
Emergency Medical Services	0	0	0	0	433,818	433,818
Waste Management	0	0	0	0	89,630	89,630
Assigned to:						
Purchases on Order	72,342	0	0	0	0	72,342
Year 2017 Appropriations	549,521	0	0	0	0	549,521
Insurance Claims	28,244	0	0	0	0	28,244
Unassigned	2,325,313	0	(313,098)	0	(153)	2,012,062
<i>Total Fund Balances</i>	<u>3,118,451</u>	<u>1,238,034</u>	<u>(290,972)</u>	<u>709,176</u>	<u>5,972,624</u>	<u>10,747,313</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,136,908</u>	<u>\$2,890,416</u>	<u>\$423,759</u>	<u>\$2,448,961</u>	<u>\$6,609,579</u>	<u>\$19,509,623</u>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2016*

<b>Total Governmental Fund Balances</b>		<b>\$10,747,313</b>
 <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.		110,423,361
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	445,997	
Intergovernmental Revenues	2,016,375	
Charges for Services	130,114	
Other Revenues	100	2,592,586
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net position.		426,475
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(858,392)
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 governmental funds:		
Deferred Outflows - Pension	5,296,184	
Deferred Inflows - Pension	(641,933)	
Net Pension Liability	(14,519,773)	(9,865,522)
Long-term liabilities, accrued interest, and vacation benefits that are not due and payable in the current period and therefore are not reported in the funds:		
GO Bonds Payable	(2,370,280)	
OPWC Loans Payable	(183,074)	
Capital Leases Payable	(121,575)	
Accrued Interest Payable	(17,447)	
Compensated Absences	(374,192)	(3,066,568)
 Net Position of Governmental Activities		 <b><u><u>\$110,399,253</u></u></b>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$2,483,262	\$0	\$0	\$1,115,162	\$0	\$3,598,424
Sales Taxes	4,051,213	0	0	0	1,012,832	5,064,045
Intergovernmental	1,106,544	7,630,051	5,012,023	1,084,597	3,081,616	17,914,831
Charges for Services	1,440,646	123,313	278,337	324,092	2,573,070	4,739,458
Fines and Forfeitures	397,300	8,626	0	0	272,763	678,689
Interest	59,746	3,931	0	0	360	64,037
Rent	61,942	0	8,815	44,850	56,186	171,793
Gifts and Donations	500	0	0	5,500	19,983	25,983
Other	278,702	22,089	181,702	416	116,321	599,230
<i>Total Revenues</i>	<u>9,879,855</u>	<u>7,788,010</u>	<u>5,480,877</u>	<u>2,574,617</u>	<u>7,133,131</u>	<u>32,856,490</u>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	4,205,721	0	0	0	525,363	4,731,084
Judicial	992,396	0	0	0	1,079,044	2,071,440
Public Safety	2,849,144	0	0	0	2,579,692	5,428,836
Public Works	64,370	8,282,308	0	0	31,198	8,377,876
Health	63,816	0	0	2,755,050	89,784	2,908,650
Human Services	351,269	0	6,182,201	0	1,375,346	7,908,816
Economic Development	0	0	0	0	933,101	933,101
Debt Service:						
Principal Retirement	914	0	0	0	145,416	146,330
Interest and Fiscal Charges	1,472	0	0	0	107,658	109,130
<i>Total Expenditures</i>	<u>8,529,102</u>	<u>8,282,308</u>	<u>6,182,201</u>	<u>2,755,050</u>	<u>6,866,602</u>	<u>32,615,263</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,350,753</u>	<u>(494,298)</u>	<u>(701,324)</u>	<u>(180,433)</u>	<u>266,529</u>	<u>241,227</u>
<b>Other Financing Sources (Uses)</b>						
Insurance Recoveries	60,935	0	0	0	0	60,935
Proceeds from Sale of Capital Assets	4,616	0	0	4,000	0	8,616
Proceeds of OPWC Loans	0	43,458	0	0	0	43,458
Inception of Capital Lease	0	0	0	0	9,405	9,405
Transfers In	0	0	85,532	0	802,084	887,616
Transfers Out	(751,113)	(22,671)	0	(91,213)	(22,619)	(887,616)
<i>Total Other Financing Sources (Uses)</i>	<u>(685,562)</u>	<u>20,787</u>	<u>85,532</u>	<u>(87,213)</u>	<u>788,870</u>	<u>122,414</u>
<i>Net Change in Fund Balance</i>	<u>665,191</u>	<u>(473,511)</u>	<u>(615,792)</u>	<u>(267,646)</u>	<u>1,055,399</u>	<u>363,641</u>
<i>Fund Balances at Beginning of Year</i>	<u>2,453,260</u>	<u>1,711,545</u>	<u>324,820</u>	<u>976,822</u>	<u>4,917,225</u>	<u>10,383,672</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$3,118,451</u>	<u>\$1,238,034</u>	<u>(\$290,972)</u>	<u>\$709,176</u>	<u>\$5,972,624</u>	<u>\$10,747,313</u>

See accompanying notes to the basic financial statements

**Gallia 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, 2016*

**Net Change in Fund Balances - Total Governmental Funds** \$363,641

*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 useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Assets Additions	4,541,102	
Depreciation Expense	<u>(875,272)</u>	3,665,830

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. This is the amount of the loss on disposal of assets:

(35,242)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	56,239	
Intergovernmental Revenues	201,500	
Charges for Services	<u>46,062</u>	303,801

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

General Obligation Bonds Payable	87,527	
OPWC Loan	22,671	
Capital Leases Payable	<u>36,132</u>	146,330

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due.

603

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position.

(9,405)

Loan Proceeds are other financing sources in the governmental funds, but the issuance increases long-term liabilities in the statement of net position:

Proceeds of OPWC Loans		(43,458)
------------------------	--	----------

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities:

18,475

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

1,259,144

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(1,810,761)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:

Vacation Benefits Payable	(47,471)	
Compensated Absences Payable	<u>(5,494)</u>	<u>(52,965)</u>

*Change in Net Position of Governmental Activities*

\$3,805,993

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
General Fund  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$2,429,805	\$2,504,563	\$2,504,563	\$0
Sales Taxes	3,750,000	4,033,064	4,033,064	0
Intergovernmental	981,398	1,116,538	1,116,538	0
Charges for Services	1,160,191	1,430,152	1,430,152	0
Fines and Forfeitures	135,890	395,346	395,346	0
Interest	50,000	59,746	59,746	0
Rent	64,000	61,942	61,942	0
Gifts and Donations	0	500	500	0
Other	250,500	272,614	272,614	0
<i>Total Revenues</i>	<u>8,821,784</u>	<u>9,874,465</u>	<u>9,874,465</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	4,285,977	4,501,744	4,493,670	8,074
Judicial	1,013,167	1,010,941	1,005,672	5,269
Public Safety	3,050,811	2,915,841	2,909,137	6,704
Public Works	64,363	64,165	64,165	0
Health	81,886	81,854	81,854	0
Human Services	520,558	360,842	360,176	666
<i>Total Expenditures</i>	<u>9,016,762</u>	<u>8,935,387</u>	<u>8,914,674</u>	<u>20,713</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(194,978)</u>	<u>939,078</u>	<u>959,791</u>	<u>20,713</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	0	60,935	60,935	0
Proceeds from Sales of Capital Assets	0	4,616	4,616	0
Advances In	24,417	22,912	22,912	0
Advances Out	0	(355,135)	(355,135)	0
Transfers Out	(177,300)	(751,113)	(751,113)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(152,883)</u>	<u>(1,017,785)</u>	<u>(1,017,785)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(347,861)</u>	<u>(78,707)</u>	<u>(57,994)</u>	<u>20,713</u>
<i>Fund Balance at Beginning of Year</i>	1,680,181	1,680,181	1,680,181	0
Prior Year Encumbrances Appropriated	<u>115,832</u>	<u>115,832</u>	<u>115,832</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,448,152</u></u>	<u><u>\$1,717,306</u></u>	<u><u>\$1,738,019</u></u>	<u><u>\$20,713</u></u>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Motor Vehicle Gasoline Tax Fund*  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$4,811,675	\$7,598,423	\$7,598,423	\$0
Charges for Services	121,125	116,514	116,514	0
Fines and Forfeitures	8,230	8,869	8,869	0
Interest	3,870	3,931	3,931	0
Other	5,100	21,890	21,890	0
<i>Total Revenues</i>	<u>4,950,000</u>	<u>7,749,627</u>	<u>7,749,627</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Public Works	5,061,344	8,094,268	8,094,268	0
<i>Excess of Revenues Under Expenditures</i>	<u>(111,344)</u>	<u>(344,641)</u>	<u>(344,641)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of OPWC Loans	0	43,458	43,458	0
Transfers Out	0	(22,671)	(22,671)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>20,787</u>	<u>20,787</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(111,344)	(323,854)	(323,854)	0
<i>Fund Balance at Beginning of Year</i>	<u>1,030,076</u>	<u>1,030,076</u>	<u>1,030,076</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$918,732</u></u>	<u><u>\$706,222</u></u>	<u><u>\$706,222</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Gallia 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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$6,100,247	\$5,014,308	\$5,014,308	\$0
Charges for Services	72,000	278,567	278,567	0
Rent	5,000	8,815	8,815	0
Other	130	181,529	181,529	0
<i>Total Revenues</i>	<u>6,177,377</u>	<u>5,483,219</u>	<u>5,483,219</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Human Services	6,267,908	6,051,919	6,051,919	0
<i>Excess of Revenues Under Expenditures</i>	<u>(90,531)</u>	<u>(568,700)</u>	<u>(568,700)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	85,532	85,532	85,532	0
Advances In	0	299,231	299,231	0
Advances Out	0	(13,378)	(13,378)	0
<i>Total Other Financing Sources (Uses)</i>	<u>85,532</u>	<u>371,385</u>	<u>371,385</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,999)	(197,315)	(197,315)	0
<i>Fund Balance at Beginning of Year</i>	<u>597,474</u>	<u>597,474</u>	<u>597,474</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$592,475</u></u>	<u><u>\$400,159</u></u>	<u><u>\$400,159</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Gallia 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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$1,074,574	\$1,124,385	\$1,124,385	\$0
Intergovernmental	1,398,100	1,101,480	1,101,480	0
Charges for Services	314,000	335,346	335,346	0
Rent	56,000	44,850	44,850	0
Gifts and Donations	0	5,500	5,500	0
Other	30,000	416	416	0
<i>Total Revenues</i>	<u>2,872,674</u>	<u>2,611,977</u>	<u>2,611,977</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Health	<u>2,523,687</u>	<u>2,790,853</u>	<u>2,769,167</u>	<u>21,686</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>348,987</u>	<u>(178,876)</u>	<u>(157,190)</u>	<u>21,686</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	4,000	4,000	
Transfers Out	<u>(91,213)</u>	<u>(91,213)</u>	<u>(91,213)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(91,213)</u>	<u>(87,213)</u>	<u>(87,213)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	257,774	(266,089)	(244,403)	21,686
<i>Fund Balance at Beginning of Year</i>	495,815	495,815	495,815	0
Prior Year Encumbrances Appropriated	<u>41,797</u>	<u>41,797</u>	<u>41,797</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$795,386</u></u>	<u><u>\$271,523</u></u>	<u><u>\$293,209</u></u>	<u><u>\$21,686</u></u>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2016*

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<b>Assets</b>		
Current :		
Equity in Pooled Cash and Cash Equivalents	\$1,595,470	\$400,938
Cash and Cash Equivalents in Segregated Accounts	0	25,537
Accounts Receivable	144,164	0
Intergovernmental Receivable	136,074	0
Prepaid Items	1,636	0
<i>Total Current Assets</i>	<i>1,877,344</i>	<i>426,475</i>
Noncurrent:		
Nondepreciable Capital Assets	7,757,948	0
Depreciable Capital Assets, Net	9,477,602	0
<i>Total Noncurrent Assets</i>	<i>17,235,550</i>	<i>0</i>
<i>Total Assets</i>	<i>19,112,894</i>	<i>426,475</i>
<b>Liabilities</b>		
Current:		
Accounts Payable	12,250	0
Contracts Payable	554,971	0
Accrued Wages Payable	5,740	0
Vacation Benefits Payable	4,602	0
Intergovernmental Payable	8,482	0
Accrued Interest Payable	110,939	0
Interfund Payable	50,593	0
General Obligation Bonds Payable	63,800	0
OPWC Loans Payable	11,167	0
OWDA Loans Payable	102,175	0
<i>Total Current Liabilities</i>	<i>924,719</i>	<i>0</i>
Long-Term:		
Compensated Absences Payable	4,748	0
General Obligation Bonds Payable	6,393,300	0
OPWC Loans Payable	562,445	0
OWDA Loans Payable	1,108,448	0
<i>Total Long-Term Liabilities</i>	<i>8,068,941</i>	<i>0</i>
<i>Total Liabilities</i>	<i>8,993,660</i>	<i>0</i>
<b>Net Position</b>		
Net Investment in Capital Assets	8,439,540	0
Unrestricted	1,679,694	426,475
<i>Total Net Position</i>	<i>\$10,119,234</i>	<i>\$426,475</i>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Revenues, Expenses,  
and Changes in Fund Net Position*  
*Proprietary Funds*  
For the Year December 31, 2016

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<b>Operating Revenues</b>		
Charges for Services	\$605,731	\$0
Other Operating Revenues	95,159	296,080
	<u>700,890</u>	<u>296,080</u>
<i>Total Operating Revenues</i>		
<b>Operating Expenses</b>		
Salaries and Wages	88,244	277,605
Fringe Benefits	21,230	0
Contractual Services	455,115	0
Materials and Supplies	36,902	0
Depreciation	332,361	0
Other	25,016	0
	<u>958,868</u>	<u>277,605</u>
<i>Total Operating Expenses</i>		
<i>Operating Income (Loss)</i>	<u>(257,978)</u>	<u>18,475</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest Income	5,482	0
Interest and Fiscal Charges	(136,327)	0
	<u>(130,845)</u>	<u>0</u>
<i>Total Non-Operating Revenues (Expenses)</i>		
<i>Income (Loss) before Transfers and Contributions</i>	<u>(388,823)</u>	<u>18,475</u>
Capital Contributions	3,628,076	0
	<u>3,239,253</u>	<u>18,475</u>
<i>Change in Net Position</i>		
<i>Net Position at Beginning of Year</i>	<u>6,879,981</u>	<u>408,000</u>
<i>Net Position at End of Year</i>	<u>\$10,119,234</u>	<u>\$426,475</u>

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2016

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>		
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$596,654	\$0
Cash Received from Operating Receipts	0	296,080
Cash Payments for Employee Services and Benefits	(108,867)	(277,605)
Cash Payments to Suppliers for Goods and Services	(492,048)	0
Other Operating Revenues	95,159	0
Other Operating Expenses	(25,016)	0
	<u>65,882</u>	<u>18,475</u>
<b><i>Net Cash Provided by Operating Activities</i></b>		
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Advances In	21,250	0
Advances Out	(8,874)	0
	<u>12,376</u>	<u>0</u>
<b><i>Net Cash Provided by Non-Capital Financing Activities</i></b>		
<b>Cash Flows from Investing Activities</b>		
Investment Earnings	5,482	0
	<u>5,482</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of Capital Assets	(6,488,146)	0
Proceeds from OPWC Loans	217,862	0
Proceeds from OWDA Loans	63,270	0
Proceeds of Bonds	2,739,159	0
Principal Paid on Debt	(501,176)	0
Interest Paid on Debt	(133,244)	0
Capital Contributions	3,492,002	0
	<u>(610,273)</u>	<u>0</u>
<b><i>Net Cash Used for Capital and Related Financing Activities</i></b>		
	(526,533)	18,475
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>		
	2,122,003	408,000
<b><i>Cash and Cash Equivalents at Beginning of Year</i></b>		
	<u>\$1,595,470</u>	<u>\$426,475</u>
<b><i>Cash and Cash Equivalents at End of Year</i></b>		
	<u>\$1,595,470</u>	<u>\$426,475</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
<i>Income (Loss)</i>	(\$257,978)	\$18,475
<i>Adjustments:</i>		
Depreciation	332,361	0
<i>(Increase) Decrease in Assets:</i>		
Accounts Receivable	(9,077)	0
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable	(1,192)	0
Accrued Wages Payable	994	0
Intergovernmental Payable	216	0
Interfund Payable	269	0
Vacation Benefits Payable	(423)	0
Compensated Absences Payable	712	0
	<u>\$65,882</u>	<u>\$18,475</u>
<b><i>Net Cash Provided by Operating Activities</i></b>		

See accompanying notes to the basic financial statements

**Gallia County, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2016*

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,755,765
Cash and Cash Equivalents in Segregated Accounts	434,470
Receivables:	
Intergovernmental	1,470,026
Accounts	138,791
Property Taxes	29,588,781
Special Assessments	<u>56,057</u>
<i>Total Assets</i>	<u><u>\$34,443,890</u></u>
<b>Liabilities</b>	
Intergovernmental Payable	\$30,999,444
Deposits Held and Due to Others	<u>3,444,446</u>
<i>Total Liabilities</i>	<u><u>\$34,443,890</u></u>

See accompanying notes to the basic financial statements

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**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 1 - REPORTING ENTITY**

Gallia County, Ohio (the County), was created in 1803. 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, and a Probate/Juvenile 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.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Gallia County, this includes the Gallia County Board of Developmental Disabilities, Gallia County Children Services Board, and all departments and activities that are directly operated by the elected County officials.

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

The Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) and the O.O. McIntyre Park District are presented as agency funds of the County because the County Auditor serves as the fiscal agent for these organizations.

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 legally separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

***Gallia County Health Department*** is governed by a five member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council composed of township trustees, county commissioners, and mayors of participating municipalities. The Board adopts its own budget and hires and fires its own staff. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

***Gallia County Soil and Water Conservation District*** is statutorily created as a separate and distinct political subdivision of the State. The five Supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits. The District submits a budget to the Board of County Commissioners for inclusion on the

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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County's annual appropriation resolution. The Ohio Department of Natural Resources provides funding to match what is provided by the County out of the General Fund.

**Local Emergency Planning Committee (LEPC)** of Gallia County is a single county district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commissioners for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit/burden relationship exists. The County's accountability ceases with the recommendation of appointments of committee members.

**Gallia County Council on Aging** is operated under a separate board of directors, which currently consists of 18 members from various clubs, companies, and the Gallia County community. Although the County collects tax monies for the Council, the County is not involved in the selection of directors or management of the Council on Aging or in the authorization of expenditures.

**Gallia County Family and Children First Council** is controlled by an oversight committee. The chair of the County Commissioners serves on the committee. The County is the fiscal agent for the Council's monies.

The County is associated with the following organizations that are defined as jointly governed organizations, related organizations, or shared risk pools. These organizations are presented in Notes 19, 20, and 21 to the basic financial statements.

- Joint Solid Waste Management District
- Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH)
- Area Agency on Aging, District 7, Inc.
- Ohio Valley Resource Conservation and Development Area, Inc.
- Southeastern Ohio Corrections Commission
- Gallia-Meigs Community Action Agency
- Gallia-Jackson Child Abuse and Neglect Advisory Board
- Ohio Valley Regional Development Commission
- Southern Ohio Council of Governments
- O.O. McIntyre Park District
- Bossard Memorial Library
- Gallia Metropolitan Housing Authority
- County Risk Sharing Authority, Inc. (CORSA)
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**A. Basis of Presentation**

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

***Fund Financial Statements*** During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**General Fund** - The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose, provided it is expended and transferred according to the general laws of Ohio.

**Motor Vehicle Gasoline Tax Fund** - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants and distributions.

**Job and Family Services Fund** - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

**Board of Developmental Disabilities Fund** - This fund accounts for the operation of a school, workshop, and resident homes for the developmentally disabled. Revenue sources include a county-wide property tax levy and Federal and State grants.

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

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

**Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is a description of the County's Enterprise Fund:

**Sewer Fund** This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

**Internal Service Funds** Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The internal service fund accounts for funds held in reserve to cover excess deductible costs in providing health insurance for the County's employees.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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*C. Measurement Focus*

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

*D. Basis of Accounting*

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

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

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (see Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, intergovernmental grants, and other receivables for services rendered. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***E. Budgetary Process***

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2016 upon which the final appropriations were based.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

*F. Cash and Cash Equivalents*

To improve cash management, cash received by the County Treasurer is pooled. Cash balances, except cash held by a fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The Gallia County Board of Developmental Disabilities has an account held separate from the County's pooled accounts. This depository account is presented as "Cash and Cash Equivalents with Fiscal Agents" since it is not deposited into the County's treasury.

Various departments within the County have segregated bank accounts for monies held separate from the County's central bank account. These accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited with the County Treasurer.

During 2016, investments were limited to the Soil and Water Conservation District's STAR Ohio segregated account. Investments are reported at fair value, which is based on quoted market prices.

During 2016, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. County policy requires interest earned on investments to be credited to the General Fund except where there is a legal requirement or there are bond proceeds for capital improvements. Interest revenue credited to the General Fund during 2016 amounted to \$59,746, which includes \$50,934 assigned from other County funds.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents.

*G. Inventory*

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

*H. Restricted Assets*

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by the creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

*I. Receivables and Payables*

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

*J. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

*K. Interfund Balances*

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

*L. Capital Assets*

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The County maintains a capitalization threshold of five thousand dollars, with the exception of infrastructure. The County maintains a capitalization threshold of \$50,000 for additions to road infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated except for land, general infrastructure, 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:

	Governmental Activities	Business-Type Activities
Land Improvements	20 - 40 Years	N/A
Buildings and Improvements	10 - 40 Years	N/A
Furniture, Fixtures, and Equipment	5 - 30 Years	5 - 30 Years
Vehicles	5 - 20 Years	5 - 20 Years
Infrastructure	N/A	15 - 40 Years

The County's infrastructure consists of County roads and bridges, certain culverts, and sewer systems. The County reports infrastructure acquired prior to December 31, 1980.

County road and bridges (infrastructure reported in the Governmental activities column of the statement of net position) are presented using the modified approach and therefore these assets are not depreciated. In addition, expenditures made by the County to preserve existing roads or bridges are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized. Additional disclosures about the condition assessments and maintenance cost regarding the County's roads and bridges appear in the Required Supplementary Information.

*M. Capitalization of Interest*

It is the County's policy to not capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

*N. Compensated Absences*

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

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

*O. Accrued Liabilities and Long-term Obligations*

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, judgments, net pension liability, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability in the governmental fund financial statements when due.

*P. Fund Balance*

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

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

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

***Q. Net Position***

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for children services, child support, dog and kennel, marriage license, and miscellaneous other activities.

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

***R. Pensions***

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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*S. Operating Revenues and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

*T. Internal Activity*

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

*U. Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County did not have any extraordinary or special items in 2016.

*V. Estimates*

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

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES**

For 2016, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application;" GASB Statement No 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68;" GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments;" GASB Statement No. 79, "Certain External Investment Pools and Pool Participants;" GASB Statement No. 77, "Tax Abatement Disclosures;" and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68, and No. 73."

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the County's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the County's financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The County participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The County incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the County's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**NOTE 4 - DEFICIT FUND BALANCES**

The following funds had deficit fund balances as of December 31, 2016:

	<u>Deficit</u>
<b>Special Revenue Funds:</b>	
Job and Family Services	\$290,972
Marriage License	153

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.
5. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.
6. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (cash).

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:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	\$665,191	(\$473,511)	(\$615,792)	(\$267,646)
Revenue Accruals	(25,028)	(33,923)	2,342	28,137
Beginning of the Year:				
Cash with Fiscal Agent	0	0	0	320,078
Unrecorded Cash	33,118	0	0	0
Cash in Segregated Accounts	9,585	0	0	0
Prepaid Items	61,493	0	0	0
Agency Fund Cash Allocation	81,318	0	0	35,960
End of the Year:				
Cash with Fiscal Agent	0	0	0	(320,078)
Unrecorded Cash	(36,331)	(4,460)	0	0
Cash in Segregated Accounts	(8,035)	0	0	0
Prepaid Items	(132,571)	(19,192)	(22,126)	(27,587)
Agency Fund Cash Allocation	(60,017)	0	0	(26,737)
Expenditure Accruals	(113,878)	207,232	152,408	66,992
Advances In	22,912	0	299,231	0
Advances Out	(355,135)	0	(13,378)	0
Encumbrances	(200,616)	0	0	(53,522)
Budget Basis	<u>(\$57,994)</u>	<u>(\$323,854)</u>	<u>(\$197,315)</u>	<u>(\$244,403)</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States; or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
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 describe in division (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
  - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

Investments may only be made through specified dealers and institutions. 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 \$25,190 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$13,196,171 of the County's bank balance of \$14,135,013 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC. This does not include \$320,078 in Cash and Cash Equivalents with fiscal agents, which is held by Southern Ohio Council of Governments which cannot be disclosed by risk because it is co-mingled with other Counties' monies.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**Investments** As of December 31, 2016, the County had the following investment:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard &amp; Poor's Rating</u>
Net Asset Value Per Share:			
Star Ohio	\$53,706	Average 49.4 days	AAAm

**Interest Rate Risk:** The County's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sell negotiable instruments prior to maturity in accord with the law. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk:** STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2016, consisted of property taxes, sales taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and interfund. All receivables, except property taxes and a portion of the loan receivable, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

*A. Property Taxes*

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2016, was \$8.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property	\$515,541,060
Public Utility Tangible Personal Property	<u>282,281,470</u>
Total Assessed Value	<u><u>\$797,822,530</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**B. Loans Receivable**

The Community Development Block Grant Special Revenue Fund reflects a loan receivable of \$656,240. This amount is for the principal owed to the County for State Industrial Site Improvement Fund Grant monies and local monies used to construct a speculative building that was sold to a local manufacturing company and financed by the County. The loan bears no interest. This loan is to be repaid over a 20 year period. The amount scheduled for collection during the subsequent year is \$44,999.

**C. Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Gas Excise Tax	\$1,151,523
Motor Vehicle License Tax	706,088
Youth Services Grant	349,668
S18 Special Education Grant	234,715
Casino Tax	173,209
Homestead and Rollback	167,196
Local Government	164,541
Board of Developmental Disabilities Annual Subsidies	77,603
Prisoner Housing	61,033
Victims of Crime Act - Victim Assistance	42,867
Therapy Services Reimbursements	37,273
Community Based Corrections Program Grant	35,050
Ohio Department of Transportation Grant	33,008
Special Education Part B- IDEA	26,601
Emergency Management Performance Grant	18,335
Title IV-D	18,059
Miscellaneous	12,842
Early Childhood Special Education	10,956
Ohio Public Works Commission Grant	10,364
Job and Family Services Reimbursements	5,402
Title XX	4,795
Defense of Indigents	3,750
School Lunch Reimbursement	3,711
Worker's Compensation	3,544
Board of Developmental Disabilities Reimbursements	2,879
Election Expense Reimbursement	2,359
Other Government Court Fines	2,217
Estate Tax	205
	<u>3,359,793</u>
<b>Business-Type Activities:</b>	
Appalachian Regional Commission Grant	<u>136,074</u>
<b>Total</b>	<u><u>\$3,495,867</u></u>

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 8 - PERMISSIVE SALES AND USE TAX**

On November 17, 1981, the County Commissioners adopted, by resolution, a one-half percent tax on all retail sales made in the County and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. On March 5, 1987, the County Commissioners adopted, by resolution, a proposal for an additional one-half percent tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was approved by the voters at a special election held on May 5, 1987. On August 18, 1994, the County Commissioners adopted, by resolution, a proposal for an additional one-quarter of one percent tax for the implementation of a county-wide 9-1-1 system, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted on and passed by the voters on November 8, 1994. The tax for the 9-1-1 system is approved for a period of five years. The most recent renewal was approved on November 16, 2009.

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 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 the 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.

In 2016, the General Fund received \$4,051,213 and the 9-1-1 Special Revenue Fund received \$1,012,832 in sales and use tax revenue. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2016.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance at 12/31/15	Additions	Deductions	Balance at 12/31/16
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$648,565	\$0	\$0	\$648,565
Infrastructure	94,753,649	3,334,420	(145,565)	97,942,504
Construction in Progress	878,955	765,194	(1,644,149)	0
Total Capital Assets not being Depreciated	<u>96,281,169</u>	<u>4,099,614</u>	<u>(1,789,714)</u>	<u>98,591,069</u>
Depreciable Capital Assets:				
Land Improvements	130,657	0	0	130,657
Buildings and Improvements	13,644,201	1,760,658	0	15,404,859
Furniture, Fixtures, and Equipment	5,837,751	102,435	(277,810)	5,662,376
Vehicles	4,121,454	368,109	(550,488)	3,939,075
Total Depreciable Capital Assets	<u>23,734,063</u>	<u>2,231,202</u>	<u>(828,298)</u>	<u>25,136,967</u>
Less Accumulated Depreciation:				
Land Improvements	(103,168)	(2,402)	0	(105,570)
Buildings and Improvements	(5,634,500)	(359,545)	0	(5,994,045)
Furniture, Fixtures, and Equipment	(4,582,445)	(217,074)	257,747	(4,541,772)
Vehicles	(2,902,346)	(296,251)	535,309	(2,663,288)
Total Accumulated Depreciation	<u>(13,222,459)</u>	<u>(875,272) *</u>	<u>793,056</u>	<u>(13,304,675)</u>
Total Capital Assets being Depreciated, Net	<u>10,511,604</u>	<u>1,355,930</u>	<u>(35,242)</u>	<u>11,832,292</u>
Governmental Activities Capital Assets, Net	<u>\$106,792,773</u>	<u>\$5,455,544</u>	<u>(\$1,824,956)</u>	<u>\$110,423,361</u>

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

\* Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$145,102
Judicial	2,591
Public Safety	196,029
Public Works	234,200
Health	163,244
Human Services	45,354
Economic Development	88,752
Total Depreciation Expense	\$875,272

	Balance at 12/31/15	Additions	Deductions	Balance at 12/31/16
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Construction in Progress	\$865,694	\$6,892,254	\$0	\$7,757,948
Depreciable Capital Assets:				
Infrastructure	12,843,735	0	0	12,843,735
Furniture, Fixtures, and Equipment	59,868	0	0	59,868
Vehicles	52,874	0	0	52,874
Total Capital Assets being Depreciated	12,956,477	0	0	12,956,477
Less Accumulated Depreciation:				
Infrastructure	(3,091,733)	(321,503)	0	(3,413,236)
Furniture, Fixtures, and Equipment	(32,898)	(4,249)	0	(37,147)
Vehicles	(21,883)	(6,609)	0	(28,492)
Total Accumulated Depreciation	(3,146,514)	(332,361)	0	(3,478,875)
Total Capital Assets being Depreciated, Net	9,809,963	(332,361)	0	9,477,602
Business-Type Activities Capital Assets, Net	\$10,675,657	\$6,559,893	\$0	\$17,235,550

The business-type activities of the County are the sewer operations at various subdivisions in the County.

**NOTE 10 - RISK MANAGEMENT**

*A. Property and Liability*

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 21A), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Property	Deductible	Limits of Coverage
Real Property	\$2,500	\$69,363,803
General Liability	2,500	1,000,000 Per Occurrence
Law Enforcement	2,500	1,000,000 Per Occurrence
Equipment Breakdown	2,500	100,000,000
Medical Expense:	2,500	5,000/50,000
Employer's Liability (Stop Gap)	2,500	No Annual Aggregate
Electronic Equipment/Media Coverage:		
Electronic Media	2,500	250,000 Per Occurrence
Extra Expense	2,500	25,000 Per Occurrence
Crime Coverage:		
Theft, Disappearance, Destruction	2,500	1,000,000 Per Occurrence
Employee Dishonesty	0	1,000,000 Per Occurrence
Forgery and Alteration	2,500	1,000,000 Per Occurrence
Computer Fraud	2,500	500,000 Per Occurrence
Automobile	2,500	1,000,000 Per Occurrence

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

**B. Workers' Compensation**

For 2016, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 21B). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

**C. Medical Expense Reimbursement Plan**

The County has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the County's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the County and Medical Mutual. The County's health plan with Medical Mutual covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with Medical Mutual and the employees' personal deductible.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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The purpose of the Max 105 program is to reimburse providers for employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the County and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with Medical Mutual has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with Medical Mutual.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a 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, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

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

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0%	16.1%	16.1%
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

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

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

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

The County's contractually required contribution was \$1,189,572 for 2016. Of this amount, \$65,785 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11.5 percent of the 13 percent member rate goes to the DC Plan and the remaining 1.5 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2016, the employer rate was 14 percent and the member rate was 13 percent of covered payroll. The statutory employer rate for fiscal year 2017 and subsequent years is 14 percent. The statutory member contribution rate increased to 14 percent on July 1, 2016. The 2016 contribution rates were equal to the statutory maximum rates.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

The County's contractually required contribution to STRS was \$69,572 for 2016. Of this amount, \$3,743 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, 2015, and the net pension liability for STRS was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07510800%	0.00451146%	
Prior Measurement Date	<u>0.07841440%</u>	<u>0.00506864%</u>	
Change in Proportionate Share	<u>-0.00330640%</u>	<u>-0.00055718%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,009,651	\$1,510,122	\$14,519,773
Pension Expense	\$1,712,835	\$97,926	\$1,810,761

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$61,016	\$61,016
Net difference between projected and actual earnings on pension plan investments	3,824,024	125,381	3,949,405
Changes in proportion and differences between County contributions and proportionate share of contributions	0	54,026	54,026
County contributions subsequent to the measurement date	<u>1,189,572</u>	<u>42,165</u>	<u>1,231,737</u>
Total Deferred Outflows of Resources	<u>\$5,013,596</u>	<u>\$282,588</u>	<u>\$5,296,184</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$251,373	\$0	\$251,373
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>263,114</u>	<u>127,446</u>	<u>390,560</u>
Total Deferred Inflows of Resources	<u>\$514,487</u>	<u>\$127,446</u>	<u>\$641,933</u>

\$1,231,737 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Year Ending December 31:	OPERS	STRS	Total
2017	\$714,949	\$15,658	\$730,607
2018	776,095	15,658	791,753
2019	953,119	63,772	1,016,891
2020	865,374	17,889	883,263
Total	\$3,309,537	\$112,977	\$3,422,514

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, 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 valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 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, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

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 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.31%
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00%</u>	<u>5.27%</u>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Liability 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 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease 7.00%</u>	<u>Current Discount Rate 8.00%</u>	<u>1% Increase 9.00%</u>
County's proportionate share of the net pension liability	\$20,727,555	\$13,009,651	\$6,499,846

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Changes between Measurement Date and Report Date***

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County's net pension liability is expected to be significant.

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops best estimates 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	31.00%	8.00%
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	<u>3.00</u>
Total	<u>100.00%</u>	<u>7.61%</u>

\* 10 year annualized geometric nominal returns, which include a real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual assets classes.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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 excluded. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

**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 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$2,006,829	\$1,510,122	\$1,091,120

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

*A. Ohio Public Employees Retirement System*

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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 45. 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.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014, was \$191,832, \$182,303, and \$225,605, respectively. For 2016, 94.5 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

***B. State Teachers Retirement System***

Plan Description – Ohio law authorizes State Teachers Retirement System of Ohio (STRS Ohio) to offer a cost-sharing, multiple-employer defined benefit Health Care Plan administered by STRS Ohio to eligible retirees who participated in the defined benefit or the combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strs.org](http://www.strs.org) or by calling (888) 227-7877.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. The County's contributions allocated to fund postemployment health care benefits for the years ended December 31, 2016, 2015, and 2014, were \$0, \$0, and \$0, respectively. The full amount has been contributed for 2016, 2015, and 2014.

**NOTE 13 - OTHER EMPLOYER BENEFITS**

*A. Deferred Compensation Plan*

Gallia County employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457 offered by the State of Ohio. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

*B. Compensated Absences*

County employees follow various personnel policies as established by the County Commissioners, union agreements, or departmental mandates. Some employees of the Board of Developmental Disabilities, Engineer, Sheriff, Emergency Management Services, and Job and Family Services are represented by union agreements. All other County employees follow the Commissioners policy.

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Upon retirement, with 10 or more years service with the County, the State, or any of its political subdivisions, all employees except those of the Board of Developmental Disabilities, Engineer, Sheriff, and the Emergency Management Services, are paid 25% of their sick leave up to a maximum of 360 hours. The Board of Developmental Disabilities employees are paid at varying rates of 30% to 50% of all accumulated sick leave depending upon length of service with the Gallia County Board of Developmental Disabilities. The Engineer department employees are paid for accumulated sick leave at a rate of 100% up to 240 hours, 50% for 241 hours to 600 hours, and 25% for all remaining unused sick leave above 600 hours. Sheriff department employees are paid 100% for all accumulated sick leave to a maximum of 240 hours. Emergency Management Services employees are paid 25% of their sick leave up to a maximum of 600 hours if hired before 2011. Emergency Management Services employees hired after 2011 are paid 25% of their sick leave up to a maximum of 360 hours. 911 employees are paid 25% of their sick leave or 30 days, whichever is less.

Unused vacation time and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

*C. Insurance Benefits*

In 2016, the County contracted with Medical Mutual to provide all employees with \$15,000 each in life and accidental death and dismemberment insurance.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

The County provides comprehensive major medical and dental insurance through Medical Mutual and vision insurance through VSP for all employees except those of the Engineer's office. Monthly premiums are \$710.00 for single coverage and \$1,876.00 for family coverage. The County pays \$621.26 of the premiums for single plans and the County's employees pay the remaining balances. The County pays \$1,594.60 of the premiums for employees participating in the family plan with the remainder being paid by the employee. For the Engineer's office, the County pays \$610.60 for single coverage and the employee pays the remaining balance. For family coverage the County pays \$1,613.36 and the Engineer employees pay the remaining balance.

**NOTE 14 - SIGNIFICANT COMMITMENTS**

A. Contractual Commitments

As of December 31, 2016, the County had contractual purchase commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2016
<b>Governmental Activities:</b>				
Contractual Services:				
Property Reappraisal	Real Estate Assessment	\$478,000	\$197,460	\$280,540
Imagery Project	Real Estate Assessment	162,780	142,605	20,175
Total Governmental Activities		<u>640,780</u>	<u>340,065</u>	<u>300,715</u>
<b>Business-Type Activities:</b>				
Green Sewer Improvements		<u>9,749,985</u>	<u>7,757,948</u>	<u>1,992,037</u>
Total Contractual Commitments		<u><u>\$10,390,765</u></u>	<u><u>\$8,098,013</u></u>	<u><u>\$2,292,752</u></u>

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<b>Governmental Funds:</b>	
General Fund	\$200,616
Board of Developmental Disabilities	53,522
Nonmajor Governmental Funds	<u>58,027</u>
Total Governmental Funds	<u>312,165</u>
<b>Enterprise Fund:</b>	
Sewer Fund	<u>6,348</u>
Total	<u><u>\$318,513</u></u>

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 15 - FOOD STAMPS**

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Gallia County. The receipt and issuance of the stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient.

**NOTE 16 - 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.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

**NOTE 17 - INTERFUND TRANSFERS AND BALANCES**

Interfund balances, as of December 31, 2016, consist of the following individual interfund receivables and payables:

Interfund Payable	Interfund Receivable					Total
	Major Funds					
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	
Major Funds:						
General	\$0	\$2,050	\$0	\$0	\$0	\$2,050
Motor Vehicle Gasoline Tax	\$19,192	0	\$0	\$0	\$0	\$19,192
Job and Family Services	340,542	0	0	0	4,602	345,144
Board of Developmental Disabilities	27,587	0	0	0	0	27,587
Other Governmental Funds	86,385	0	1,301	1,470	37,477	126,633
Sewer Enterprise Fund	50,593	0	0	0	0	50,593
	<u>\$524,299</u>	<u>\$2,050</u>	<u>\$1,301</u>	<u>\$1,470</u>	<u>\$42,079</u>	<u>\$571,199</u>

The interfund payable in the Sewer Enterprise Fund is a result of the General Fund making sewer related expenditures. These items are expected to be repaid upon completion of the related projects and generation of revenues by the system. The remaining interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made. Remaining interfund receivables/payables will be reimbursed either when funds become available or when payments for services are rendered.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfer Out	Transfer In		Total
	Major Fund	Other	
	Job and Family Services	Governmental Funds	
Major Funds:			
General	\$85,532	\$665,581	\$751,113
Motor Vehicle			
Gasoline Tax	0	22,671	22,671
Board of Developmental			
Disabilities	0	91,213	91,213
Other Governmental			
Funds	0	22,619	22,619
	\$85,532	\$802,084	\$887,616

Transfers were used to move revenues from the fund that Statute or budget requires to collect them to the fund that Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 18 - CAPITAL LEASES - LESSEE DISCLOSURE**

In 2016, the County entered into one new lease for a copier machine. In prior years, the County has entered into agreements to lease copiers and radio equipment. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Equipment acquired by leases has been capitalized in the government wide statements for governmental activities in the amount of \$203,139, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of \$142,140 as of December 31, 2016. Principal payments for all capital leases during 2016 totaled \$36,132 for governmental activities.

Future minimum lease payments through 2021 are as follows:

Year	Governmental Activities	
	Principal	Interest
2017	\$37,365	\$6,429
2018	39,177	4,616
2019	41,141	2,654
2020	3,276	517
2021	616	16
Total	\$121,575	\$14,232

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*A. Joint Solid Waste Management District*

The County is a member of the Gallia, Jackson, Meigs and Vinton Joint Solid Waste Management District (the District), which is a jointly governed organization of the four named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling.

The District is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2016.

*B. Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction, and Mental Health Services*

The Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board (ADAMH), is a jointly governed organization of the three named counties. The ADAMH provides no direct services but contracts for their delivery. The ADAMH's function is to assess needs, and to plan, monitor, fund and evaluate the services. The ADAMH is managed by an eighteen member Board. The Board is comprised of five members appointed by the Jackson County Commissioners, two by the Gallia County Commissioners, and three by the Meigs County Commissioners, which are proportionate to population, four by the Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriating, contracting and managing.

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board and it is presented as an Agency Fund. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2016, the County made no payments to the Board.

*C. Area Agency on Aging, District 7, Inc.*

The Area Agency on Aging is a non-profit corporation that assists ten counties, including Gallia County, in providing services to senior citizens in the Council's service area. The Council is governed by a fifteen member Board of Directors. The Gallia County Commissioners along with other county organizations can nominate new board members, but they must be representatives of local community service organizations. At least one-half of the board members must be over the age of fifty-five. The Board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent upon the County's continued participation and no equity interest exists. The Council has no outstanding debt.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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*D. 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 Conservations and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2016, the County made no contributions to the Ohio Valley Resource Conservation and Development Area, Inc.

*E. Southeastern Ohio Corrections Commission*

The Southeastern Ohio Corrections Commission was formed for the purpose of planning to build a community jail through state funding. The Commission consists of Gallia, Jackson, and Meigs Counties. The state funding never materialized, but the Commission has remained together in the case there would be any new grants to apply for in the future. The Commission consists of nine members which included the President of the Commissioners, the Common Pleas Judge, and the Sheriff from each county. The Commission's fiscal agent will be the County Auditor of the County in which the jail is constructed. The County made no contributions to the Commission in 2016, and the Commission is not dependent upon the County's continued participation.

*F. Gallia-Meigs Community Action Agency*

The Gallia-Meigs Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered implemented by the Agency. The County is the fiscal agent for the grant, but the grants are used by the Agency to improve low income family housing in Gallia County. The Agency contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board of County Commissioners exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the Agency. The Agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. In 2016, the County paid \$321,902 to the Agency for services provided to the County.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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*G. Gallia-Jackson Child Abuse and Neglect Advisory Board*

The Child Abuse and Neglect Advisory Board (the Board) is a jointly governed organization formed to prevent child abuse and neglect in its members counties. The Board is controlled by a five member Board of Directors. Gallia and Jackson County each appoints two members and there is one at-large member. The at-large member is currently the Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board director. The Board Organization receives \$20,000 a year from the State for birth registration fees, of which \$19,400 is sent directly to the Ohio Children's Trust Fund Board. The Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board received the remaining \$600 for administrative services. Continued existence of the Board is not dependent upon the County's continued participation, nor does the County have an equity interest in the Board. The Board is not accumulating significant financial resources nor is it experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

*H. Ohio Valley Regional Development Commission*

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Gallia County for its continued existence. In 2016, the County paid \$5,471 to the Ohio Valley Regional Development Commission for membership.

*I. Southern Ohio Council of Governments*

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities (BDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County BDD's supportive living program monies. As of December 31, 2016, the County had a \$320,078 balance on hand with the Council. These monies are recorded as "Cash and Cash Equivalents with Fiscal Agents" on the County's financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

**NOTE 20 - RELATED ORGANIZATIONS**

*A. O.O. McIntyre Park District*

The County Probate Judge is responsible for appointing the three-member board of the O.O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a benefit/burden relationship exist. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District Agency Fund. In addition, the Park District receives one percent of the County's share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled \$8,753 in 2016. The Park District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the Park District; therefore, the financial activity is reflected in the Park District Agency Fund.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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*B. Bossard Memorial Library*

The Bossard Memorial Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. Due process is required to remove board members. The Library has a 1.3 mill property tax that is collected by Gallia County and then transferred into the Library District Agency Fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend upon the County for operational subsidies.

*C. Gallia Metropolitan Housing Authority*

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State Statutes. The Authority is operated by a five member board. Two board members are appointed by the City of Gallipolis, one member is appointed by the Probate Court Judge, one member is appointed by the Common Pleas Court Judge, and one member is appointed by the County Commissioners. The Authority receives funding from the U.S. Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in its management or operation. The County is not financially accountable for the Authority.

**NOTE 21 - SHARED RISK POOLS**

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

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among fifty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2016 was \$182,177.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan**

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

**NOTE 22 - DECLINING MORTGAGE LOANS**

Gallia County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan is released at the end of either a five or ten year period), unless they would sell the residence before the five or ten year period ended. The remaining 15 percent would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15 percent, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnership Program Grants. As of December 31, 2016, the total amount of loans outstanding was \$226,401. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 23 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 12/31/15	Additions	Deductions	Principal Outstanding 12/31/16	Amounts Due in One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
2006 Early Childhood and Family Center - 4.45%	\$1,228,208	\$0	\$36,558	\$1,191,650	\$38,185
2010 Speculative Building - 4.08%	167,111	0	15,688	151,423	16,356
2010 Airport Hangers - 4.34%	240,608	0	7,799	232,809	8,138
2011 Davis Lot Land - 4.50%	138,180	0	6,082	132,098	6,356
2012 JFS Building - 3.375%	683,700	0	21,400	662,300	22,200
<b>Total General Obligation Bonds</b>	<b>2,457,807</b>	<b>0</b>	<b>87,527</b>	<b>2,370,280</b>	<b>91,235</b>
OPWC Loans:					
2013 OPWC Road Improvements Loan - 0.00%	136,028	0	22,671	113,357	11,336
2015 OPWC Road Improvements Loan - 0.00%	26,259	43,458	0	69,717	1,162
<b>Total OPWC Loans</b>	<b>162,287</b>	<b>43,458</b>	<b>22,671</b>	<b>183,074</b>	<b>12,498</b>
Net Pension Liability:					
OPERS	9,457,652	3,551,999	0	13,009,651	0
STRS	1,400,824	109,298	0	1,510,122	0
<b>Total Net Pension Liability</b>	<b>10,858,476</b>	<b>3,661,297</b>	<b>0</b>	<b>14,519,773</b>	<b>0</b>
Capital Leases	148,302	9,405	36,132	121,575	37,365
Compensated Absences	368,698	32,016	26,522	374,192	5,661
<b>Total Governmental Activities</b>	<b>\$13,995,570</b>	<b>\$3,746,176</b>	<b>\$172,852</b>	<b>\$17,568,894</b>	<b>\$146,759</b>

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

	Outstanding 12/31/15	Additions	Deductions	Outstanding 12/31/16	Due in One Year
<b>Business-Type Activities:</b>					
OWDA Loans:					
2008 Green Sewer - 5.21%	\$431,914	\$0	\$351,960	\$79,954	\$79,954
2014 Green Sewer - 4.30%	199,235	8,068	10,000	197,303	0
2014 Green Sewer - 4.40%	17,268	55,030	11,250	61,048	0
2015 Green Sewer - 3.15%	5,481	172	0	5,653	0
2009 Kanauga/Addison Sewer - 0.00%	279,000	0	18,000	261,000	9,000
2009 Mercerville Sewer - 0.00%	168,189	0	11,600	156,589	5,800
2011 Kanauga/Addison Sewer - 1.00%	463,808	0	14,732	449,076	7,421
Total OWDA Loans:	<u>1,564,895</u>	<u>63,270</u>	<u>417,542</u>	<u>1,210,623</u>	<u>102,175</u>
Bonds:					
2000 USDA Sewer Revenue Bonds - 4.50%	1,567,400	0	35,100	1,532,300	36,800
2013 USDA Sewer Revenue Bonds - 3.125%	1,862,000	0	26,200	1,835,800	27,000
2015 USDA Sewer Revenue Bonds - 2.000%	349,841	2,739,159	0	3,089,000	0
Total Bonds:	<u>3,779,241</u>	<u>2,739,159</u>	<u>61,300</u>	<u>6,457,100</u>	<u>63,800</u>
OPWC Loans:					
2002 OPWC Bidwell Porter Sewer - 0.00%	74,750	0	11,500	63,250	5,750
2008 OPWC Kanauga/Addison Sewer - 0.00%	303,334	0	10,834	292,500	5,417
2014 OPWC Green Sewer - 0.00%	0	217,862	0	217,862	0
Total OPWC Loans:	<u>378,084</u>	<u>217,862</u>	<u>22,334</u>	<u>573,612</u>	<u>11,167</u>
Compensated Absences	4,036	712	0	4,748	0
Total Business-Type Activities	<u>\$5,726,256</u>	<u>\$3,021,003</u>	<u>\$501,176</u>	<u>\$8,246,083</u>	<u>\$177,142</u>

A. Governmental Activities

In September 2006, the County issued General Obligation Bonds in the amount of \$1,480,000 at 4.45 percent interest for the purpose of constructing an early childhood and family center. Principal and interest payments are due December 1 of each year through 2036. The bonds will be retired from the Bond Retirement Fund from transfers from the Board of Developmental Disabilities Fund. Principal and interest requirements to retire the County's Early Childhood and Family Center General Obligation Bonds at December 31, 2016, are as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

Year Ended December 31,	Principal	Interest	Total
2017	\$38,185	\$53,028	\$91,213
2018	39,884	51,329	91,213
2019	41,659	49,554	91,213
2020	43,512	47,701	91,213
2021	45,448	45,764	91,212
2022-2026	259,442	196,623	456,065
2027-2031	322,539	133,526	456,065
2032-2036	400,981	55,084	456,065
	<u>\$1,191,650</u>	<u>\$632,609</u>	<u>\$1,824,259</u>

In January 2010, the County issued General Obligation Bonds in the amount of \$250,258 at 4.08 percent interest for the purpose of constructing a speculative building. Principal and interest payments are due December 1 of each year through 2024. The bonds will be retired from the Bond Retirement Fund from transfers from the Community Development Block Grant Fund. In 2011, the County sold the speculative building to a local manufacturing company. A loan receivable in the amount of \$899,984 was set up in the Community Development Block Grant Fund. The proceeds of the receivable will be used to retire the General Obligation Bond. Principal and interest requirements to retire the County's Speculative Building General Obligation Bonds at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$16,356	\$6,263	\$22,619
2018	17,032	5,587	22,619
2019	17,736	4,883	22,619
2020	18,459	4,160	22,619
2021	19,234	3,385	22,619
2022-2024	62,606	5,252	67,858
	<u>\$151,423</u>	<u>\$29,530</u>	<u>\$180,953</u>

In July 2010, the County issued General Obligation Bonds in the amount of \$275,000 at 4.34 percent interest for the purpose of constructing two airport hangers at the Gallia-Meigs Regional Airport. Principal and interest payments are due December 1 of each year through 2035. The bonds will be retired from hangar rental fees revenue posted to the County's bond retirement fund. Principal and interest requirements to retire the County's Airport General Obligation Bonds at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$8,138	\$10,104	\$18,242
2018	8,491	9,751	18,242
2019	8,859	9,383	18,242
2020	9,244	8,998	18,242
2021	9,645	8,597	18,242
2022-2026	54,878	36,329	91,207
2027-2031	67,867	23,341	91,208
2032-2035	65,687	7,278	72,965
	<u>\$232,809</u>	<u>\$113,781</u>	<u>\$346,590</u>

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

In December 2011, the County issued General Obligation Bonds in the amount of \$160,000 at 4.50 percent interest for the purpose of purchasing the Davis Hall lot. Principal and interest payments are due December 1 of each year through 2031. The bonds will be retired from the General Fund. Principal and interest requirements to retire the County's Davis Lot General Obligation Bonds at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$6,356	\$5,944	\$12,300
2018	6,642	5,658	12,300
2019	6,941	5,359	12,300
2020	7,253	5,047	12,300
2021	7,579	4,721	12,300
2022-2026	43,330	18,170	61,500
2027-2031	53,997	7,503	61,500
	<u>\$132,098</u>	<u>\$52,402</u>	<u>\$184,500</u>

In July 2012, the County issued General Obligation Bonds in the amount of \$744,000 at 3.375 percent interest for the purpose of purchasing a building for the Job and Family Services department. Principal and interest payments are due July 1 of each year through 2037. The bonds will be retired from building rental fees revenue posted to the County's bond retirement fund. Principal and interest requirements to retire the Job and Family Services Building General Obligation Bonds at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$22,200	\$22,353	\$44,553
2018	22,900	21,603	44,503
2019	23,700	20,831	44,531
2020	24,500	20,031	44,531
2021	25,300	19,204	44,504
2022-2026	140,100	82,603	222,703
2027-2031	165,300	57,318	222,618
2032-2036	195,200	27,472	222,672
2037	43,100	1,455	44,555
	<u>\$662,300</u>	<u>\$272,870</u>	<u>\$935,170</u>

In July 2013, the County entered into an Ohio Public Works loan in the amount of \$181,371, interest free, for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2022. The loan will be retired from Motor Vehicle Gasoline Tax Fund. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2016, are as follows:

Year Ended December 31,	Principal
2017	\$11,336
2018	22,671
2019	22,671
2020	22,672
2021	22,671
2022	11,336
	<u>\$113,357</u>

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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In July 2015, the County entered into an Ohio Public Works loan in the amount of \$150,000, interest free, for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2047. The loan will be retired from Motor Vehicle Gasoline Tax Fund. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2016, are as follows:

Year Ended December 31,	Principal
2017	\$1,162
2018	2,324
2019	2,324
2020	2,324
2021	2,324
2022-2026	11,620
2027-2031	11,619
2032-2036	11,620
2037-2041	11,619
2042-2046	11,620
2047	1,161
	<u>\$69,717</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Motor Vehicle Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds, and the Sewer Enterprise Funds. Capital lease obligations are paid from intergovernmental grant revenues from the Community Development Block Grant Special Revenue Fund, sales tax revenues from the Emergency Management Agency Special Revenue Fund, and general property tax revenues in the General Fund.

There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General Fund, the Motor Vehicle Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds. For additional information related to the net pension liability see Note 11.

**B. Business-Type Activities**

In June 2006, the County entered into an agreement with Ohio Water Development Authority (OWDA) for a Green Township Sanitary Sewer Study in the amount of \$50,000. On August 28, 2008, the County was approved for a \$325,000 Green Sewer Phase I Design Loan which was used to pay off the Sanitary Sewer Study Loan. On March 31, 2011, the County was approved for an additional \$163,000 for a total of \$488,000. The design loan will be rolled over into a long term construction loan for payment. As of December 31, 2015, \$590,514 has been disbursed on the OWDA Loan, which includes capitalized interest. As of December 31, 2016, the County has repaid \$510,560. The loan will be fully paid in 2017.

In 2014, the County entered into another agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of \$600,000. As of December 31, 2016, \$217,303 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. The loan is not fully disbursed, and a final amortization schedule is not available.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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In 2014, the County entered into an agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of \$225,000. As of December 31, 2016, \$83,548 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. As of December 31, 2016, OWDA had not disbursed the entire amount of the loan.

In 2015, the County entered into an agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of \$1,568,730. As of December 31, 2016, \$5,653 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. As of December 31, 2016, OWDA had not disbursed the entire amount of the loan.

In 2009, the County entered into a Water Pollution Control Loan Fund (WPCLF) agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of \$720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. \$360,000 of this loan was paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2012, \$720,000 was disbursed on this loan; \$360,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi-annual payment amounts are \$9,000 with the date of first payment of January 1, 2012, which was paid during 2011. Principal and interest requirements to retire the County's Kanauga/Addison Sewer OWDA Loan at December 31, 2016, are as follows:

Year Ended December 31,	Principal
2017	\$9,000
2018	18,000
2019	18,000
2020	18,000
2021	18,000
2022-2026	90,000
2027-2031	90,000
	<u>\$261,000</u>

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). In June 2011, an additional \$110,000 was approved. This loan has a 0% interest rate and a term of 20 years. \$450,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2014, \$450,000 of the loan has been repaid with the above mentioned ARRA grant funding. Principal and interest requirements to retire the County's Mercerville Sewer WPCLF OWDA Loan at December 31, 2016, are as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Year Ended December 31,	Principal
2017	\$5,800
2018	11,599
2019	11,599
2020	11,599
2021	11,599
2022-2026	57,996
2027-2030	46,397
	\$156,589

In June 2011, the County entered into an agreement with OWDA for a Community Assistance Fund Loan for additional funding for the Kanauga – Addison Sewer project. The maximum amount of the loan is \$500,000 at a rate of one percent for a term of thirty years. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the loan. Principal and interest requirements to retire the Community Assistance Fund Loan at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$7,421	\$2,245	\$9,666
2018	14,954	4,379	19,333
2019	15,103	4,230	19,333
2020	15,255	4,078	19,333
2021	15,408	3,925	19,333
2022-2026	79,387	17,277	96,664
2027-2031	83,447	13,217	96,664
2032-2036	87,714	8,950	96,664
2037-2041	92,200	4,464	96,664
2042-2043	38,187	479	38,666
	\$449,076	\$63,244	\$512,320

In March 2000, the County issued Sewer Revenue Bonds in the amount of \$1,927,000 at an interest rate of 4.50 percent. Principal and interest payments are due March 1 of each year through 2040. These bonds issued through the USDA Rural Development were for the purpose of constructing the Bidwell Porter sewer system. The bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2016, are as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Year Ended December 31,	Principal	Interest	Total
2017	\$36,800	\$68,954	\$105,754
2018	38,400	67,298	105,698
2019	40,100	65,570	105,670
2020	42,000	63,765	105,765
2021	43,800	61,875	105,675
2022-2026	250,500	277,961	528,461
2027-2031	312,400	216,280	528,680
2032-2036	389,100	139,396	528,496
2037-2040	379,200	43,600	422,800
	<u>\$1,532,300</u>	<u>\$1,004,699</u>	<u>\$2,536,999</u>

On March 14, 2013, the Board of County Commissioners approved a resolution authorizing the issuance of \$1,862,000 Sanitary Sewer Revenue Bonds. Proceeds were used to retire \$1,862,000 of the interim OWDA loan financing on March 25, 2013. The remaining amount of the interim financing outstanding was paid by the County on March 28, 2013. The Sanitary Sewer Revenue Bonds have an interest rate of 3.125% and are to be paid over forty years with the first payment representing interest being due March 1, 2014, with final payment being March 1, 2053. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2016, are as follows:

Year Ended December 31,	Principal	Interest	Total
2017	\$27,000	\$57,369	\$84,369
2018	27,900	56,525	84,425
2019	28,800	55,653	84,453
2020	29,600	54,753	84,353
2021	30,600	53,828	84,428
2022-2026	167,800	254,197	421,997
2027-2031	195,700	226,284	421,984
2032-2036	228,300	193,734	422,034
2037-2041	266,200	155,766	421,966
2042-2046	310,500	111,484	421,984
2047-2051	362,200	59,841	422,041
2052-2053	161,200	7,594	168,794
	<u>\$1,835,800</u>	<u>\$1,287,028</u>	<u>\$3,122,828</u>

On May 30, 2015, the Board of County Commissioners accepted a loan/grant offer from USDA relating to Green Sewer with a grant amount of \$3,335,000 and loan portion of \$3,089,000 with terms of 2.00% interest for 40 years with the first payment representing interest being due December 1, 2016, with final payment being December 1, 2055. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2016, are as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Year Ended December 31,	Principal	Interest	Total
2017	\$0	\$61,780	\$61,780
2018	55,000	61,780	116,780
2019	56,200	60,680	116,880
2020	57,300	59,556	116,856
2021	58,400	58,410	116,810
2022-2026	310,100	274,054	584,154
2027-2031	342,300	241,778	584,078
2032-2036	378,000	206,146	584,146
2037-2041	417,400	166,808	584,208
2042-2046	460,700	123,368	584,068
2047-2051	508,800	75,412	584,212
2052-2055	444,800	22,460	467,260
	<u>\$3,089,000</u>	<u>\$1,412,232</u>	<u>\$4,501,232</u>

In August 2002, the County obtained the Bidwell Porter Sewer System OPWC Loan in the amount of \$230,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2022. This loan was entered into for the purpose of constructing the Bidwell Porter Sewer System. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Bidwell Porter Sewer OPWC Loan outstanding at December 31, 2016, are as follows:

Year Ended December 31,	Principal
2017	\$5,750
2018	11,500
2019	11,500
2020	11,500
2021	11,500
2022	11,500
	<u>\$63,250</u>

In July 2008, the County obtained the Kanauga/Addison Sewer OPWC Loan in the amount of \$325,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2044 in amounts of \$5,417. This loan was entered into for the purpose to expand the Kanauga/Addison sewer system. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Kanauga/Addison Sewer OPWC Loan outstanding at December 31, 2016, are as follows:

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>
2017	\$5,417
2018	10,833
2019	10,833
2020	10,833
2021	10,833
2022-2026	54,167
2027-2031	54,167
2032-2036	54,167
2037-2041	54,167
2042-2044	27,083
	<u>\$292,500</u>

In July 2014, the County entered into an agreement with Ohio Public Works Commission for a Grant and Loan for the purpose of the Green Sewer Sanitary Improvements project. The loan was in the amount of \$600,000 at an interest rate of zero percent. As of December 31, 2016, \$217,862 has been disbursed on the OPWC Loan. The loan will be retired from Sewer Enterprise Fund revenue.

The County has pledged future customer revenues, net of specified operating expenses, to repay \$1,210,623 in OWDA loans issued from 2008 to 2015. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2043. Annual principal and interest payments on the loans should require less than 100 percent of net revenues in future years. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest outstanding to be paid on the loans are \$1,289,333. Annual principal and interest payments on the loans are expected to require more than 100 percent of net revenues in future years. Principal and interest payments for the current year were \$676,536, net revenues were \$79,865 and total revenues were \$706,372.

*C. Debt Margin*

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$15,892,209 and the unvoted debt margin was \$5,424,871 at December 31, 2016.

*D. Conduit Debt*

Pursuant to State statute, various industrial revenue bonds have been issued for private industry within the County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent obligations of the County. As of December 31, 2016, \$160,487,824 of industrial revenue bonds had been issued, and \$152,240,000 of those remained outstanding.

**Gallia County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 24 - GALLIA COUNTY LANDFILL**

In 1978, Gallia County established the Gallia County Sanitary Landfill. The County contracted with Greg Fields to operate the landfill when it opened. In 1991, Mid-American Waste Systems, Inc. (Mid-American) purchased Greg Field's business. At this time Gallia County operated the landfill on its own for a three month period until the County signed the lease agreement with Mid-American in June 1991. In 2001, the County signed the current lease agreement with USA Waste Services, Inc. (Waste Management). The lease agreement states that Waste Management is the operator of the landfill and that the County is to receive a portion of the landfill fees. The lease also states that Waste Management will comply with the Ohio Environmental Protection Agency (EPA) closure and post closure requirements; therefore, Waste Management is responsible for these costs unless the County does not renew the lease agreement. The EPA issued a Sub-Title D that states that landfill operators are to purchase a Final Assurance Bond for the closure and post closure costs and Waste Management has met the requirement.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2016*

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The County reports its road and bridge infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments of these assets:

**County Roads**

The Gallia County Engineer uses a pavement management system to evaluate the condition of over 454 miles of roadway. All roads are inspected on an annual basis using the following system, and criteria consisting of current condition, last date of maintenance or resurfacing, traffic count and type.

<u>Surface Rating</u>	<u>Condition Rating</u>	<u>Description</u>
1	Excellent	Surface not in need of maintenance. New condition. Surface age typically 1-5 years. Older surfaces with low traffic counts and low truck traffic also in this category.
2	Good	Surface requires minor maintenance to restore to excellent condition. Generally, surfaces 6-10 years of age in this category.
3	Fair	Surface requires major maintenance to restore to excellent condition. Generally, surfaces 11-15 years of age in this category.
4	Deficient	Surface requires major maintenance to restore to excellent condition. Surfaces older than 15 years, or with high traffic counts and high truck traffic in this category.
5	Poor	Surface is no longer useable.

It is the practice of the Gallia County Engineer to maintain the county roadway system where at least 85% of the roadways will have a rating of '3 - Fair' or better.

**Bridges and Large Culverts**

All bridges and large culverts are inspected on an annual basis, as required by ORC. The rating system used was developed by FHWA, and entails the inspection of all components of the structure, as described in the following system.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2016*

<u>Structure Rating</u>	<u>Condition Rating</u>	<u>Description</u>
9	Excellent	Superior to current desirable criteria.
8	Very Good	Equal to current desirable criteria.
7	Good	Better than current minimum criteria.
6	Satisfactory	Equal to current desirable criteria.
5	Fair	Low priority for repair.
4	Poor	High priority for repair.
3	Serious	Low priority for replacement.
2	Critical	High priority for replacement.
1	Imminent Failure	Immediate repair/replacement necessary.
0	Closed	Bridge closed.

It is the practice of the Gallia County Engineer to maintain the county bridge and large culvert system where at least 80% of the structures will have a rating of '5 - Fair' or better.

The following summarizes the road and bridge conditions as of December 31, 2016, 2015, 2014, and 2013.

**ROAD CONDITION 2016**

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	236.34	21,983,781.60	53.38%	53.38%
GOOD	2	211.08	18,530,445.12	44.99%	98.37%
FAIR	3	7.35	665,375.04	1.62%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,186,254.56	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 – Fair' or better in 2016.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2016*

**ROAD CONDITION 2015**

<b>CONDITION DESCRIPTION</b>	<b>ROAD CONDITION</b>	<b>LENGTH MILES</b>	<b>AREA SQUARE FEET</b>	<b>% OF ROADS</b>	<b>PERCENT ACCUMULATION</b>
EXCELLENT	1	229.59	21,353,655.84	51.85%	51.85%
GOOD	2	217.82	19,160,000.64	46.52%	98.37%
FAIR	3	7.35	665,375.04	1.62%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
<b>TOTALS</b>		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 – Fair' or better in 2015.

**ROAD CONDITION 2014**

<b>CONDITION DESCRIPTION</b>	<b>ROAD CONDITION</b>	<b>LENGTH MILES</b>	<b>AREA SQUARE FEET</b>	<b>% OF ROADS</b>	<b>PERCENT ACCUMULATION</b>
EXCELLENT	1	212.90	19,872,552.48	48.25%	48.25%
GOOD	2	234.52	20,641,104.00	50.12%	98.37%
FAIR	3	7.35	665,375.04	1.62%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
<b>TOTALS</b>		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 - Fair' or better in 2014.

**ROAD CONDITION 2013**

<b>CONDITION DESCRIPTION</b>	<b>ROAD CONDITION</b>	<b>LENGTH MILES</b>	<b>AREA SQUARE FEET</b>	<b>% OF ROADS</b>	<b>PERCENT ACCUMULATION</b>
EXCELLENT	1	203.80	18,880,398.24	45.84%	45.84%
GOOD	2	241.05	21,404,570.88	51.97%	97.81%
FAIR	3	9.91	894,062.40	2.17%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
<b>TOTALS</b>		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 - Fair' or better in 2013.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2016*

A comparison of total road condition for 2016, 2015, 2014, and 2013, in terms of percentage of total road miles is presented below.

Percentage of Miles in Fair or Better Condition			
2016	2015	2014	2013
99.98%	99.98%	99.98%	99.98%

**BRIDGE CONDITION 2016**

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	9	3.25%	3.26%
VERY GOOD	8	19	6.86%	10.11%
GOOD	7	44	15.88%	25.99%
SATISFACTORY	6	91	32.85%	58.84%
FAIR	5	95	34.30%	93.14%
POOR	4	16	5.78%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

93.14% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2016.

**BRIDGE CONDITION 2015**

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	13	4.69%	4.69%
VERY GOOD	8	30	10.83%	15.52%
GOOD	7	52	18.77%	34.30%
SATISFACTORY	6	66	23.83%	58.12%
FAIR	5	92	33.21%	91.34%
POOR	4	21	7.58%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

91.34% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2015.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2016*

**BRIDGE CONDITION 2014**

<b>CONDITION DESCRIPTION</b>	<b>BRIDGE CONDITION (GA)</b>	<b># OF BRIDGES</b>	<b>% OF BRIDGES</b>	<b>PERCENT ACCUMULATION</b>
EXCELLENT	9	8	2.89%	2.89%
VERY GOOD	8	30	10.83%	13.72%
GOOD	7	52	18.77%	32.49%
SATISFACTORY	6	66	23.83%	56.32%
FAIR	5	94	33.94%	90.25%
POOR	4	24	8.66%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

90.25% of structures exceed the goal of 80% of structures having a rating of '5 - Fair' or better in 2014.

**BRIDGE CONDITION 2013**

<b>CONDITION DESCRIPTION</b>	<b>BRIDGE CONDITION (GA)</b>	<b># OF BRIDGES</b>	<b>% OF BRIDGES</b>	<b>PERCENT ACCUMULATION</b>
EXCELLENT	9	4	1.44%	1.44%
VERY GOOD	8	30	10.83%	12.27%
GOOD	7	52	18.77%	31.05%
SATISFACTORY	6	66	23.83%	54.87%
FAIR	5	95	34.30%	89.17%
POOR	4	27	9.75%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

89.17% of structures exceed the goal of 80% of structures having a rating of '5 - Fair' or better in 2013.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2016*

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A comparison of total bridge conditions for 2016, 2015, 2014, and 2013, in terms of percentage of bridge structures is presented below.

Percentage of Bridge Structures in Fair or Better Condition			
2016	2015	2014	2013
93.14%	91.34%	90.25%	89.17%

Budgeted versus actual expenditures for combined road and bridge maintenance in 2016, 2015, 2014, 2013, and 2012 were:

	2016	2015	2014	2013	2012
Budgeted	\$4,361,344	\$4,429,444	\$4,581,744	\$4,220,114	\$3,551,390
Actual	4,508,154	4,152,520	4,773,651	5,874,749	4,161,650
Difference	(146,810)	276,924	(191,907)	(1,654,635)	(610,260)

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Schedule of the County's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Three Years (1)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension Liability	0.0075108%	0.0784144%	0.0784144%
County's Proportionate Share of the Net Pension Liability	\$13,009,651	\$9,457,652	\$9,244,037
County's Covered Payroll	\$9,115,196	\$9,328,120	\$9,102,506
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	142.72%	101.39%	101.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

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

	2016	2015	2014	2013
County's Proportion of the Net Pension Liability	0.00451146%	0.00506864%	0.00475369%	0.00475369%
County's Proportionate Share of the Net Pension Liability	\$1,510,122	\$1,400,824	\$1,156,262	\$1,377,332
County's Covered Payroll	\$519,271	\$528,829	\$523,054	\$529,915
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	290.82%	264.89%	221.06%	259.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

\* Amounts presented for each fiscal year were determined as of June 30th.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Schedule of County Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,189,572	\$1,131,895	\$1,156,715	\$1,221,964
Contributions in Relation to the Contractually Required Contribution	<u>(1,189,572)</u>	<u>(1,131,895)</u>	<u>(1,156,715)</u>	<u>(1,221,964)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$9,547,766	\$9,115,196	\$9,328,120	\$9,102,506
Contributions as a Percentage of Covered Payroll	12.46%	12.42%	12.40%	13.42%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$69,572	\$72,698	\$69,885	\$68,889
Contributions in Relation to the Contractually Required Contribution	<u>(69,572)</u>	<u>(72,698)</u>	<u>(69,885)</u>	<u>(68,889)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$496,943	\$519,271	\$514,815	\$529,915
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.57%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$74,562	\$71,705	\$81,253	\$86,365	\$96,595	\$105,151
<u>(74,562)</u>	<u>(71,705)</u>	<u>(81,253)</u>	<u>(86,365)</u>	<u>(96,595)</u>	<u>(105,151)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$573,554	\$551,577	\$625,023	\$664,346	\$743,038	\$808,854
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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GALLIA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	070615-05PU-2016 070615-05PU-2017		\$5,385 2,664
Total School Breakfast Program				8,049
National School Lunch Program	10.555	070615-LLP4-2016 070615-LLP4-2017		9,148 4,230
Total National School Lunch Program				13,378
Total Child Nutrition Cluster				21,427
<i>Passed through Ohio Department of Natural Resources</i>				
Schools and Roads - Grants to States	10.665	N/A		23,552
<i>Passed through Ohio Department of Job and Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5513	\$16,678	197,526
<i>Direct from Federal Government</i>				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A		6,351,618
Total U.S. Department of Agriculture			16,678	6,594,123
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through Ohio Department of Development</i>				
Community Development Block Grant - State's Program				
Community Housing Improvement Program	14.228	B-C-15-1AY-1 B-F-14-1AY-1 B-F-15-1AY-1 B-F-16-1AY-1		99,384 26,267 89,214 5,000
Community Development Grant Program				
Total Community Development Block Grant - State's Program				219,865
Home Investment Partnerships Program				
Community Housing Improvement Program	14.239	B-C-15-1AY-2		175,047
Total Home Investment Partnerships Program				175,047
Total U.S. Department of Housing and Urban Development				394,912
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
<i>Direct from Federal Government</i>				
Payments in Lieu of Taxes	15.226	N/A		21,993
Total U.S. Department of the Interior				21,993
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed through the Ohio Department of Youth Services</i>				
Juvenile Accountability Block Grants	16.523	2013-JB-009-B076		10,000
<i>Direct from Federal Government</i>				
Bulletproof Vest Partnership Program	16.607	N/A		2,794
<i>Passed through the Ohio Department of Public Safety - Office of Criminal Justice Services</i>				
Edward Byrne Justice Assistance Grant Formula Program	16.738	2015-JG-LLE-5214		8,927
Total U.S. Department of Justice				21,721
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed Through Workforce Investment Act Area 7</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A		30,230
Workforce Investment Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	N/A		111,404
WIOA Youth Activities	17.259			128,850
WIOA Dislocated Worker Formula Grants	17.278			106,365
Total Workforce Investment Opportunity Act (WIOA) Cluster				346,619
Total U.S. Department of Labor				376,849

GALLIA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Direct from the Federal Government</i>				
Airport Improvement Program	20.106	N/A		\$173,461
Total Airport Improvement Program				<u>173,461</u>
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	PID101642 PID101644 PID101987 PID93044		390,659 349,581 293,544 <u>640,900</u>
Total Highway Planning and Construction				<u>1,674,684</u>
Total U.S. Department of Transportation				1,848,145
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed through Ohio Department of Education</i>				
Special Education Cluster (IDEA):				
Special Education-Grants to States (IDEA, Part B)	84.027	070615-6BSF-2016		19,446
Special Education-Preschool Grants (IDEA Preschool)	84.173	070615-PGS1-2016		8,144
Total Special Education Cluster (IDEA)				<u>27,590</u>
Total U.S. Department of Education				27,590
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1617-11-5513		6,393
Temporary Assistance for Needy Families	93.558	G-1617-11-5513	\$430,612	1,938,949
Child Support Enforcement	93.563	G-1617-11-5513		631,691
Child Care and Development Block Grant	93.575	G-1617-11-5513		42,182
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5513		12,171
Foster Care Title IV-E	93.658	G-1617-11-5513		84,831
Adoption Assistance	93.659	G-1617-11-5513		121,473
Medical Assistance Program	93.778	G-1617-11-5513		1,349,260
<i>Passed Through Ohio Department of Job and Family Services</i>				
Social Services Block Grant	93.667	G-1617-11-5513	71,127	116,256
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	N/A		<u>21,464</u>
Total Social Services Block Grant				137,720
<i>Passed Through Ohio Supreme Court</i>				
State Court Improvement Funds: Data Grant	93.586	15010HSCID		<u>20,970</u>
Total U.S. Department of Health and Human Services			501,739	4,345,640
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Department of Public Safety - Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMW-2015-EP-00034-S01 EMC-2016-EP-00003-S01		19,606 <u>18,335</u>
Total Emergency Management Performance Grants				37,941
<i>Direct from the Federal Government</i>				
Port Security Grant Program	97.056	EMW-2014-PU-00599		<u>46,981</u>
Total U.S. Department of Homeland Security				<u>84,922</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$518,417</u></b>	<b><u>\$13,715,895</u></b>

The accompanying notes are an integral part of this schedule.

## GALLIA COUNTY

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR PART 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### NOTE C - 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 D - CHILD NUTRITION CLUSTER

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

#### NOTE 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 account as of December 31, 2016 is \$80,592.

#### NOTE F - MATCHING REQUIREMENTS

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

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# Dave Yost • Auditor of State

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

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2017.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2016-001.

***Entity's Response to Findings***

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

***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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 28, 2017



# Dave Yost • Auditor of State

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

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Gallia County's, Ohio (the County), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Gallia County's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

**Report on Internal Control Over Compliance**

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 28, 2017

**GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR Part 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b> <ul style="list-style-type: none"> <li>• Medical Assistance Program – CFDA #93.778</li> <li>• Water and Waste Disposal Systems for Rural Communities – CFDA # 10.760</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR Part 200.520?</b>	No

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

**FINDING NUMBER 2016-001**

**Noncompliance/Finding for Recovery/Repaid Under Audit/Resolved Under Audit**

Beginning with the first payroll distribution in 2015, the County Auditor established a Universal Payroll Schedule for all County employees. A memo dated December 3, 2014, distributed to all department heads outlined the following changes:

"Effective check date January 9, 2015 the Auditor's payroll procedures will establish a universal payroll schedule of pay periods to be two weeks in the arrears instead of either current or 1 week back. Any new hires will start 2 weeks in the arrears effective the date of this memorandum. This change is effective for every department who is paid current or 1 week in the arrears."

GALLIA COUNTY

SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016  
(Continued)

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

**FINDING NUMBER 2016-001 (Continued)**

**Noncompliance/Finding for Recovery/Repaid Under Audit/Resolved Under Audit (Continued)**

"All department employees will receive a check on January 9, 2015, as usual, with the pay period dates of 12/13/2014 thru 12/26/14. No one will miss a check. Any accrual leave used on their timesheets for that period will be deducted as normal, as for the accrual leave has already been 2 weeks or 1 week in the arrears. As for the regular hours paid for this check will be adjusted at end of employment (resignation/termination/or retirement) on their final payout. The employees' department Appointing Authority will determine their final payout. Payout may be reduced for the regular hours received from the 1/9/2015 pay check by using any regular hours worked or any accumulative leave."

"If a department has something in their union agreement preventing such a change, then the Appointing Authority is authorized to approve a one-time exception with the union to follow the Auditor's universal payroll schedule, with notification to the union of the Auditor's payroll policy and procedure changes."

Due to the implementation of this change in procedures, full-time County employees who were previously paid current were paid for the pay period ending December 26, 2014 twice. Sheriff department employees who were paid one week in arrears were paid for the week ended December 19, 2014 twice. Part-time employees in the Clerk of Courts office were paid an additional pay based on the average of hours worked.

The County Auditor's office has determined that those hours may be repaid upon termination of employment with the County, either from regular hours worked or vacation or sick leave hours accrued.

During testing of payroll for employees who terminated employment during calendar year 2016, we noted the following overpayments:

- Engineer's Office employee, Aaron Mitten was paid for the period December 6, 2014 to December 19, 2014 on the December 26, 2014 payroll. In addition, he received payment for the period December 13, 2014 to December 26, 2014 on the January 9, 2015 payroll. This resulted in an overpayment of 40 hours for the period December 13, 2014 to December 19, 2014. This resulted in an advance to the employee in the amount \$1,120 which was not repaid upon termination of employment.
- During the process of calculating the termination payment for Job and Family Services employee, Tande Rose, the employee's final week of pay included 7.35 hours of sick leave which was used as part of the calculation to repay the advance. This employee did not retire and was not eligible to receive a payout for accumulated sick leave. This resulted in an overpayment of \$112.
- During the process of calculating the termination payment for Job and Family Services employee, Julie Lynch, an adjustment was made which increased her leave accrual by 7.7 vacation hours and 4.6 sick leave hours in error. In addition, 26 hours of accrued sick leave was used as part of the calculation of the repayment of the advance. This amount was not reduced to 25% as required by County policy upon retirement. This resulted in an overpayment of \$687.
- During the process of calculating the termination payment for Job and Family Services employee, Samantha Reese, an adjustment was made which increased her leave accrual by 3.1 vacation hours in error. This resulted in an overpayment of \$55.

**GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016  
(Continued)**

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

**FINDING NUMBER 2016-001 (Continued)**

**Noncompliance/Finding for Recovery/Repaid Under Audit/Resolved Under Audit (Continued)**

- During the process of calculating the termination payment for Auditor's Office employee, Steve Stinson, an adjustment was made which increased his leave accrual by 4.6 vacation hours in error. This resulted in an overpayment of \$56.
- Sheriff's Office employee Nathan Clagg received an advance of \$440. However, upon termination of employment, he only repaid \$356. This resulted in an overpayment of \$84.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery is hereby issued for public monies illegally expended against Aaron Mitten in the amount of \$1,120 and in favor of the Gallia County Engineer's MVGT Fund for \$1,120. A finding for recovery is hereby issued for public monies illegally expended against Tande Rose in the amount of \$112, Julie Lynch in the amount of \$687, and Samantha Reese in the amount of \$55 and in favor of the Gallia County Job and Family Services Fund in the amount of \$854. A finding for recovery is hereby issued for public monies illegally expended against Steve Stinson and in favor of the Gallia County General Fund in the amount of \$28 and in favor of the Gallia County Real Estate Assessment Fund in the amount of \$28. A finding for recovery is hereby issued for public monies illegally expended against Nathan Clagg in the amount of \$84 and in favor of the Gallia County Work Release Center Fund for \$84.

Also, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery is hereby issued for public monies illegally expended against County Auditor, Larry Betz, and his bonding company, Erie Insurance Company, jointly and severally, in the amount of \$2,114, and in favor of the Gallia County Engineer's MVGT Fund in the amount of \$1,120, the Gallia County Job and Family Services Fund in the amount of \$854, the Gallia County General Fund in the amount of \$28, the Gallia County Real Estate Assessment Fund in the amount of \$28, and the Gallia County Work Release Center Fund in the amount of \$84.

Mr. Steve Stinson repaid the \$56 finding referenced above on September 15, 2017 on pay-in number 92712. The amount was repaid back into the Gallia County General Fund in the amount of \$28 and the Real Estate Assessment Fund in the amount of \$28. Ms. Samantha Reese repaid the \$55 finding referenced above on September 15, 2017 on pay-in number 92714. The amount was repaid back into the Gallia County Job and Family Services Fund. Mr. Nathan Clagg repaid the \$84 finding referenced above on September 18, 2017 on pay-in number 92742. The amount was repaid back into the Gallia County Work Release Center Fund. Ms. Tande Rose repaid the \$112 finding referenced above on September 18, 2017 on pay-in number 92743. The amount was repaid back into the Gallia County Job and Family Services Fund. Mr. Aaron Mitten resolved the \$1,120 finding referenced above on September 27, 2017 by signing a repayment agreement requiring monthly payments of \$200.

**Officials' Response:**

Corrective action taken and finding is fully corrected.

**GALLIA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR PART 200.511(b)  
DECEMBER 31, 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Finding for Recovery for overpayments noted in calculation of payroll termination payments after adoption of the Universal Payroll Schedule.	Corrective Action Taken and Finding is Fully Corrected	
2015-002	Significant Deficiency for errors noted in the implementation of the Universal Payroll Schedule.	Corrective Action Taken and Finding is Fully Corrected	
2015-003	45 CFR Part 92.20(b)(7) – Noncompliance and material weakness noted as a result of delays in disbursement of cash advances for the Medicaid NET program.	Corrective Action Taken and Finding is Fully Corrected	

GALLIA COUNTY

CORRECTIVE ACTION PLAN  
2 CFR PART 200.511(c)  
DECEMBER 31, 2016

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	Anyone who has not made contact to pay in full or make payment arrangements for their overpayments will be forwarded to the County Prosecutor's office for prosecution.	12/31/2017	Larry M. Betz

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# Dave Yost • Auditor of State

GALLIA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 10, 2017