



Dave Yost • Auditor of State

CLINTON COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clinton County
46 S. South Street
Wilmington, Ohio 45177

To the County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit	Qualified
General Fund	Unmodified
County Board of DD Fund	Unmodified
Motor Vehicle & Gas Tax Fund	Unmodified
JFS Public Assistance Fund	Unmodified
Martinsville Midland Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit

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

The Port Authority also is responsible for the design and implementation of an internal control process that provides reasonable assurance as to the integrity of its financial reporting and the efficiency and effectiveness operations. The Port Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit.

The Port Authority capital asset listing was not maintained at a level to identify specific buildings and land improvements. We were unable to verify the existence of Port Authority capital assets. The Port Authority capital assets represent 91% of the Discretely Presented Component Unit's assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component unit of the Clinton County, Ohio, as of and for the year ended December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton County, Ohio, as of and for the year ended December 31, 2017, and the respective changes in its financial position and where applicable, its cash flows thereof and the respective budgetary comparisons for the General fund, County Board of Developmental Disabilities fund, Motor Vehicle and Gas Tax fund, and the JFS Public Assistance fund 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* 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 Federal Awards Expenditures presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *County Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2018

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

The discussion and analysis of Clinton County (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position decreased \$1,307,839, which represents a 1 percent decrease from 2016. Net position of governmental activities decreased \$1,277,798. Net position of business-type activities decreased \$30,041.
- Total capital assets increased \$311,248 during 2017. Capital assets of governmental activities increased \$479,492 and capital assets of business-type activities decreased \$168,244.
- Outstanding debt decreased from \$8,570,961 to \$7,511,545 due to the principal payments made during 2017.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the County as of a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the County's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2017 and how they affected the operations of the County as a whole.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Clinton County, the general fund, county board of development disabilities fund, the motor vehicle, gas tax fund and the JFS public assistance fund are by far the most significant funds. Business-type activities consist of the sewer fund.

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

A question typically asked about the County's finances is "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the County as a whole, the *financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

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

- **Governmental Activities** - Most of the County's basic services are reported here, including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - The County charges a fee to customers to help cover all or most of the cost of certain services it provides. The County's sewer operations are reported here.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The County uses many funds to account for financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, county board of development disabilities fund, the motor vehicle, gas tax fund and the JFS public assistance fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

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

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

The 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 2017 compared to 2016:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 74,928,098	\$ 74,463,031	\$ 826,693	\$ 782,808	\$ 75,754,791	\$ 75,245,839
Internal Balances	2,781,336	2,881,336	(2,781,336)	(2,881,336)	0	0
Capital Assets	47,772,560	47,293,068	7,179,789	7,348,033	54,952,349	54,641,101
<i>Total Assets</i>	<u>125,481,994</u>	<u>124,637,435</u>	<u>5,225,146</u>	<u>5,249,505</u>	<u>130,707,140</u>	<u>129,886,940</u>
Deferred Outflows of Resources						
Pension	8,723,184	6,604,417	17,334	14,728	8,740,518	6,619,145
Deferred Charges	20,878	31,316	0	0	20,878	31,316
<i>Total Deferred Outflows of Resources</i>	<u>8,744,062</u>	<u>6,635,733</u>	<u>17,334</u>	<u>14,728</u>	<u>8,761,396</u>	<u>6,650,461</u>
Liabilities						
Current and Other Liabilities	1,288,277	1,213,184	6,119	5,514	1,294,396	1,218,698
Long-Term Liabilities:						
Due within One Year	1,696,693	1,489,369	0	0	1,696,693	1,489,369
Due in More Than One Year:						
Net Pension Liability	22,267,564	17,070,336	44,265	37,702	22,311,829	17,108,038
Other Amounts	7,603,445	8,828,925	0	0	7,603,445	8,828,925
<i>Total Liabilities</i>	<u>32,855,979</u>	<u>28,601,814</u>	<u>50,384</u>	<u>43,216</u>	<u>32,906,363</u>	<u>28,645,030</u>
Deferred Inflows of Resources						
Property Taxes	7,725,188	7,556,624	0	0	7,725,188	7,556,624
Pension	160,664	352,707	1,905	785	162,569	353,492
<i>Total Deferred Inflows of Resources</i>	<u>7,885,852</u>	<u>7,909,331</u>	<u>1,905</u>	<u>785</u>	<u>7,887,757</u>	<u>7,910,116</u>
Net Position						
Net Investment in Capital Assets	41,806,707	40,238,426	7,179,789	7,348,033	48,986,496	47,586,459
Restricted	19,788,210	24,946,647	0	0	19,788,210	24,946,647
Unrestricted	31,889,308	29,576,950	(1,989,598)	(2,127,801)	29,899,710	27,449,149
<i>Total Net Position</i>	<u>\$ 93,484,225</u>	<u>\$ 94,762,023</u>	<u>\$ 5,190,191</u>	<u>\$ 5,220,232</u>	<u>\$ 98,674,416</u>	<u>\$ 99,982,255</u>

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

Under the standards required by GASB 68, the net pension asset/liability equals 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 asset/liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 68, the County is reporting a net pension asset/liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

At year end, capital assets represented 42 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, software, vehicles and infrastructure. Capital assets, net of related debt were \$48,986,496 at December 31, 2017, with \$41,806,707 in governmental activities and \$7,179,789 in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

A portion of the County's net position, \$19,788,210 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$29,899,710 may be used to meet the government's ongoing obligations to citizens and creditors.

Cash and cash equivalents increased due to an additional \$1.7 million installment payment for the sale of the hospital. This was offset by a decrease in the related note receivable.

Intergovernmental receivables increased in governmental activities due to a significant receivable from the State related to Medicaid sales tax transition payments. Non-depreciable assets increased by \$932,008 in governmental funds due to the new capital projects being started in 2017.

The increases in deferred outflows of resources and long term liabilities for pension are related to changes in net pension liability in 2017.

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

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2017 and 2016.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 5,897,126	\$ 5,536,951	\$ 266,039	\$ 398,191	\$ 6,163,165	\$ 5,935,142
Operating Grants	12,069,691	12,512,688	0	0	12,069,691	12,512,688
Capital Grants	972,163	2,768,241	0	0	972,163	2,768,241
<i>General Revenues:</i>						
Property Taxes	7,673,202	7,959,461	0	0	7,673,202	7,959,461
Sales and Other Taxes	6,095,315	8,399,949	0	0	6,095,315	8,399,949
Grants and Entitlements	2,723,840	2,377,955	0	0	2,723,840	2,377,955
Investment Earnings	873,410	59,591	0	0	873,410	59,591
Miscellaneous	207,104	548,929	4,102	6,512	211,206	555,441
<i>Total Revenues</i>	<u>36,511,851</u>	<u>40,163,765</u>	<u>270,141</u>	<u>404,703</u>	<u>36,781,992</u>	<u>40,568,468</u>
Program Expenses						
<i>General Government</i>						
Legislative and Executive	7,616,266	7,815,249	0	0	7,616,266	7,815,249
Judicial	4,063,861	3,566,408	0	0	4,063,861	3,566,408
Public Safety	6,749,568	6,196,999	0	0	6,749,568	6,196,999
Public Works	5,171,687	7,251,987	0	0	5,171,687	7,251,987
Health	4,369,912	3,907,290	0	0	4,369,912	3,907,290
Human Services	9,576,520	8,375,966	0	0	9,576,520	8,375,966
Conservation and Recreation	4,776	81,941	0	0	4,776	81,941
Interest and Fiscal Charges	237,059	236,254	0	0	237,059	236,254
<i>Enterprise Operations:</i>						
Sewer	0	0	300,182	321,997	300,182	321,997
<i>Total Program Expenses</i>	<u>37,789,649</u>	<u>37,432,094</u>	<u>300,182</u>	<u>321,997</u>	<u>38,089,831</u>	<u>37,754,091</u>
<i>Change in Net Position</i>	(1,277,798)	2,731,671	(30,041)	82,706	(1,307,839)	2,814,377
<i>Net Position Beginning of Year</i>	<u>94,762,023</u>	<u>92,030,352</u>	<u>5,220,232</u>	<u>5,137,526</u>	<u>99,982,255</u>	<u>97,167,878</u>
<i>Net Position End of Year</i>	<u>\$ 93,484,225</u>	<u>\$ 94,762,023</u>	<u>\$ 5,190,191</u>	<u>\$ 5,220,232</u>	<u>\$ 98,674,416</u>	<u>\$ 99,982,255</u>

Governmental Activities

Operating grants were the largest program revenues, accounting for \$12,069,691 or 33 percent of total revenues for governmental activities. Capital grants totaled \$972,163 or 3 percent of total revenues for governmental activities. In 2016 the County received grant revenue for the Friendship Nature Trail. It was completed in 2016, which is why capital grants decreased in 2017.

Property tax revenues accounted for \$7,673,202 or 21 percent of total governmental revenues. Another major component of general governmental revenues was sales taxes, which accounted for \$6,095,315 or 17 percent of total revenues. Sales tax decreased due to Commissioners not renewing a .5 percent sales tax in 2017.

Investment income increased due to an increase in investments and higher returns in 2017.

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

Miscellaneous income decreased in 2017 due to fewer reimbursements in 2017.

Grants and entitlements not restricted increased due to amounts received from the State to compensate counties for the lost Medicaid sales tax.

Human services programs accounted for \$9,576,520 or 25 percent of total expenses for governmental activities. Human services programs includes the department of job and family services, the child support enforcement agency, children services, and senior citizen programs. Other major program expenses for governmental activities include health, primarily the County board of developmental disabilities, which accounted for \$4,369,912 or 12 percent of total expenses, public safety, which accounted for \$6,749,568 or 18 percent of total expenses, public works, which accounted for \$5,171,687 or 14 percent of total expenses, and general government – legislative and executive, which accounted for \$7,616,266 or 20 percent of total expenses. The increase in general government – judicial and health was due to additional full time positions being added in 2017. Human services increased due to additional children placed in high risk care due to the opioid crisis. Public works expenses decreased due to fewer projects in 2017 compared to 2016.

Business-Type Activities

Business-type activities consist of sewer operations. The revenues are generated primarily from charges for services. In 2017, charges for services of \$266,039 accounted for 98 percent of the business-type revenues. The total expenses for sewer were \$300,182, thus leaving a decrease in net position of \$30,041 for the business-type activities.

The County's Funds

Governmental Funds

Information about the County's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues and other financing sources of \$39,443,141 and expenditures and other financing uses of \$37,965,523. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The general fund's net change in fund balance for 2017 was an increase of \$2,295,887. This increase is due to the County reducing the amount of transfers that were made to other funds throughout the year in 2017. Additionally, the County received another installment payment of \$1,700,000 from the sale of the former County hospital.

The fund balance of the County board of development disabilities fund increased by \$587,387.

The motor vehicle and gas tax fund's net change in fund balance for 2017 was an increase of \$292,580 due to the timing of revenues versus road project expenditures each year.

The JFS public assistance fund's net change in fund balance was a decrease of \$36,577.

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

Proprietary Funds

The County's proprietary fund provides the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the sewer fund was a deficit of \$1,989,598. The total decrease in net position for the sewer fund was \$30,041.

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 Board of Commissioners adopts a permanent annual operating budget for the County on or about January 1. The most significant budgeted fund is the general fund.

For the general fund, the actual budget basis revenue of \$13,683,627 was \$1,170,276 higher compared to the final budget estimate of \$12,512,351. Most of this difference was attributable to budget sales tax, property taxes and interest revenue being under estimated compared to actual.

Final expenditure appropriations of \$14,707,363 were \$740,889 higher than the actual expenditures of \$13,966,474, as cost savings were recognized for legislative and executive throughout the year.

Transfers and advances made to other funds throughout the year were lower than originally anticipated, causing the variance within other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of 2017, the County had \$54,952,349 invested in capital assets. A total of \$47,772,560 of this was for governmental activities and \$7,179,789 being attributable to business-type activities. Table 3 shows 2017 balances compared with 2016.

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

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,247,029	\$ 2,244,112	\$ 396,710	\$ 396,710	\$ 2,643,739	\$ 2,640,822
Infrastructure	19,941,326	19,826,689	6,777,197	6,944,536	26,718,523	26,771,225
Land Improvements	2,734,930	2,537,144	0	0	2,734,930	2,537,144
Buildings and Improvements	16,396,390	17,018,687	0	0	16,396,390	17,018,687
Equipment	3,763,249	3,970,219	5,882	6,787	3,769,131	3,977,006
Software	199,192	291,521	0	0	199,192	291,521
Vehicles	1,469,739	1,313,082	0	0	1,469,739	1,313,082
Construction in Progress	1,020,705	91,614	0	0	1,020,705	91,614
<i>Total</i>	<u>\$ 47,772,560</u>	<u>\$ 47,293,068</u>	<u>\$ 7,179,789</u>	<u>\$ 7,348,033</u>	<u>\$ 54,952,349</u>	<u>\$ 54,641,101</u>

The \$479,492 increase in capital assets of governmental activities was attributable to current year purchases. The \$168,244 decrease in capital assets of business-type activities is due to current year depreciation. See Note 9 for additional information about the capital assets of the County.

Debt

The outstanding debt for the County as of December 31, 2017 was \$7,511,545. See Notes 10 and 12 for additional details. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt, at December 31

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 7,485,000	\$ 8,515,000
Loans Payable	0	13,441
Capital Leases	26,545	42,520
<i>Total</i>	<u>\$ 7,511,545</u>	<u>\$ 8,570,961</u>

Contacting the County's Finance 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 the Honorable Terence Habermehl, Clinton County Auditor, at 46 S. South Street, Wilmington, Ohio 45177-2296.

Clinton County, Ohio
Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port Authority
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 50,969,878	\$ 541,432	\$ 51,511,310	\$ 5,162,004
Cash and Cash Equivalents with Fiscal Agent	2,404,995	0	2,404,995	0
Accounts Receivable	135,240	285,261	420,501	107,814
Accrued Interest Receivable	136,652	0	136,652	0
Intergovernmental Receivable	5,592,929	0	5,592,929	757,768
Sales Taxes Receivable	1,478,014	0	1,478,014	0
Property Taxes Receivable	8,271,051	0	8,271,051	0
Special Assessments Receivable	105,926	0	105,926	0
Notes Receivable	5,403,425	0	5,403,425	0
Loans Receivable	0	0	0	42,044
Internal Balances	2,781,336	(2,781,336)	0	0
Prepaid Items	150,046	0	150,046	63,938
Materials and Supplies Inventory	279,942	0	279,942	0
Non-Depreciable Capital Assets	3,267,734	396,710	3,664,444	15,586,699
Depreciable Capital Assets, Net	44,504,826	6,783,079	51,287,905	48,151,523
<i>Total Assets</i>	<u>125,481,994</u>	<u>5,225,146</u>	<u>130,707,140</u>	<u>69,871,790</u>
Deferred Outflows of Resources				
Pension	8,723,184	17,334	8,740,518	149,438
Deferred Charges on Refunding	20,878	0	20,878	0
<i>Total Deferred Outflows of Resources</i>	<u>8,744,062</u>	<u>17,334</u>	<u>8,761,396</u>	<u>149,438</u>
Liabilities				
Accounts Payable	616,171	5,905	622,076	1,058,617
Accrued Wages and Benefits	285,331	187	285,518	0
Contracts Payable	206,495	0	206,495	0
Intergovernmental Payable	148,515	27	148,542	0
Accrued Interest Payable	19,984	0	19,984	25,389
Matured Compensated Absences Payable	11,781	0	11,781	0
Deposits Held and Due to Others	0	0	0	113,946
Property Taxes Payable	0	0	0	211,161
Long-Term Liabilities:				
Due Within One Year	1,696,693	0	1,696,693	527,902
Due In More Than One Year:				
Net Pension Liability (See Note 14)	22,267,564	44,265	22,311,829	348,781
Other Amounts Due in More Than One Year	7,603,445	0	7,603,445	12,076,489
<i>Total Liabilities</i>	<u>32,855,979</u>	<u>50,384</u>	<u>32,906,363</u>	<u>14,362,285</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	7,725,188	0	7,725,188	0
Pension	160,664	1,905	162,569	9,130
<i>Total Deferred Inflows of Resources</i>	<u>7,885,852</u>	<u>1,905</u>	<u>7,887,757</u>	<u>9,130</u>
Net Position				
Net Investment in Capital Assets	41,806,707	7,179,789	48,986,496	51,112,302
Restricted for:				
Capital Outlay	48,302	0	48,302	0
Public Service Programs	4,410,764	0	4,410,764	0
Transportation Projects	4,420,645	0	4,420,645	0
Health Programs	8,604,040	0	8,604,040	0
General Government	1,573,702	0	1,573,702	0
Security Programs	648,784	0	648,784	0
Conservation and Recreation	81,973	0	81,973	0
Other Purposes	0	0	0	688,849
Unrestricted	31,889,308	(1,989,598)	29,899,710	3,848,662
<i>Total Net Position</i>	<u>\$ 93,484,225</u>	<u>\$ 5,190,191</u>	<u>\$ 98,674,416</u>	<u>\$ 55,649,813</u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Government		Component Unit	
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	Port Authority
Governmental Activities								
General Government								
Legislative and Executive	\$ 7,616,266	\$ 2,209,799	\$ 711,530	\$ 0	\$ (4,694,937)	\$ 0	\$ (4,694,937)	\$ 0
Judicial	4,063,861	307,345	801,730	0	(2,954,786)	0	(2,954,786)	0
Public Safety	6,749,568	1,515,979	204,630	0	(5,028,959)	0	(5,028,959)	0
Public Works	5,171,687	812,214	3,772,128	941,871	354,526	0	354,526	0
Health	4,369,912	608,145	997,296	0	(2,764,471)	0	(2,764,471)	0
Human Services	9,576,520	443,644	5,580,680	0	(3,552,196)	0	(3,552,196)	0
Conservation and Recreation	4,776	0	1,697	30,292	27,213	0	27,213	0
Interest and Fiscal Charges	237,059	0	0	0	(237,059)	0	(237,059)	0
<i>Total Governmental Activities</i>	<u>37,789,649</u>	<u>5,897,126</u>	<u>12,069,691</u>	<u>972,163</u>	<u>(18,850,669)</u>	<u>0</u>	<u>(18,850,669)</u>	<u>0</u>
Business-Type Activities								
Sewer	300,182	266,039	0	0	0	(34,143)	(34,143)	0
<i>Total Primary Government</i>	<u>\$38,089,831</u>	<u>\$ 6,163,165</u>	<u>\$ 12,069,691</u>	<u>\$ 972,163</u>	<u>(18,850,669)</u>	<u>(34,143)</u>	<u>(18,884,812)</u>	<u>\$ 0</u>
Component Unit								
Port Authority	<u>\$ 8,551,347</u>	<u>\$ 7,242,533</u>	<u>\$ 0</u>	<u>\$ 104,034</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,204,780)</u>
General Revenues:								
Property Taxes Levied for:								
General Fund					2,607,425	0	2,607,425	0
Health - County Board of DD					2,955,455	0	2,955,455	0
Human Services - Children Services					1,006,878	0	1,006,878	0
Human Services - Senior Services					1,103,444	0	1,103,444	0
Sales and Other Taxes					6,095,315	0	6,095,315	0
Grants and Entitlements not Restricted to Specific Programs					2,723,840	0	2,723,840	0
Investment Earnings					873,410	0	873,410	8,560
Miscellaneous					207,104	4,102	211,206	285,912
<i>Total General Revenues</i>					<u>17,572,871</u>	<u>4,102</u>	<u>17,576,973</u>	<u>294,472</u>
<i>Change in Net Position</i>					<u>(1,277,798)</u>	<u>(30,041)</u>	<u>(1,307,839)</u>	<u>(910,308)</u>
<i>Net Position Beginning of Year</i>					<u>94,762,023</u>	<u>5,220,232</u>	<u>99,982,255</u>	<u>56,560,121</u>
<i>Net Position End of Year</i>					<u>\$93,484,225</u>	<u>\$ 5,190,191</u>	<u>\$98,674,416</u>	<u>\$ 55,649,813</u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General	County Board of DD	Motor Vehicle & Gas Tax	JFS Public Assistance	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 20,834,920	\$ 5,819,936	\$ 1,818,813	\$ 229,259	\$ 22,266,950	\$ 50,969,878
Cash and Cash Equivalents with Fiscal Agent	0	2,404,995	0	0	0	2,404,995
Accounts Receivable	60,658	42,269	26,545	747	5,021	135,240
Accrued Interest Receivable	136,652	0	0	0	0	136,652
Intergovernmental Receivable	1,072,643	186,944	1,589,468	165,374	2,578,500	5,592,929
Property Taxes Receivable	2,320,164	3,396,492	0	0	2,554,395	8,271,051
Sales Taxes Receivable	1,478,014	0	0	0	0	1,478,014
Special Assessments Receivable	0	0	0	0	105,926	105,926
Notes Receivable	5,403,425	0	0	0	0	5,403,425
Interfund Receivable	6,108	0	0	0	0	6,108
Prepaid Items	78,112	63,724	0	3,470	4,740	150,046
Materials and Supplies Inventory	0	0	279,942	0	0	279,942
Advances to Other Funds	2,781,336	0	0	0	0	2,781,336
<i>Total Assets</i>	<u>\$ 34,172,032</u>	<u>\$ 11,914,360</u>	<u>\$ 3,714,768</u>	<u>\$ 398,850</u>	<u>\$ 27,515,532</u>	<u>\$ 77,715,542</u>
Liabilities						
Accounts Payable	\$ 125,813	\$ 114,636	\$ 19,822	\$ 35,703	\$ 320,197	\$ 616,171
Accrued Wages	140,861	49,058	29,436	42,262	23,714	285,331
Contracts Payable	0	206,495	0	0	0	206,495
Intergovernmental Payable	82,411	20,427	3,679	7,895	34,103	148,515
Interfund Payable	0	0	0	0	6,108	6,108
Matured Compensated Absences Payable	5,702	0	3,378	2,342	359	11,781
<i>Total Liabilities</i>	<u>354,787</u>	<u>390,616</u>	<u>56,315</u>	<u>88,202</u>	<u>384,481</u>	<u>1,274,401</u>
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year	2,126,618	3,189,927	0	0	2,408,643	7,725,188
Unavailable Revenue	1,155,423	389,070	1,065,950	165,374	2,413,955	5,189,772
Hospital Sale	5,100,000	0	0	0	0	5,100,000
<i>Total Deferred Inflows of Resources</i>	<u>8,382,041</u>	<u>3,578,997</u>	<u>1,065,950</u>	<u>165,374</u>	<u>4,822,598</u>	<u>18,014,960</u>
Fund Balances						
Nonspendable	3,033,072	63,724	279,942	3,470	4,740	3,384,948
Restricted	0	7,881,023	2,312,561	141,804	5,510,618	15,846,006
Committed	539,987	0	0	0	9,618,011	10,157,998
Assigned	3,079,520	0	0	0	7,177,219	10,256,739
Unassigned	18,782,625	0	0	0	(2,135)	18,780,490
<i>Total Fund Balances</i>	<u>25,435,204</u>	<u>7,944,747</u>	<u>2,592,503</u>	<u>145,274</u>	<u>22,308,453</u>	<u>58,426,181</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 34,172,032</u>	<u>\$ 11,914,360</u>	<u>\$ 3,714,768</u>	<u>\$ 398,850</u>	<u>\$ 27,515,532</u>	<u>\$ 77,715,542</u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2017*

Total Governmental Fund Balances		\$ 58,426,181
 <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.		47,772,560
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	\$ 545,863	
Sales Taxes	553,021	
Intergovernmental	3,984,962	
Special Assessments	105,926	
Note Receivable - Sale of Hospital	5,100,000	10,289,772
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(19,984)
Unamortized gain/loss on refunding represents deferred outflows, which do not provide current financial resources and, therefore, are not reported in the funds.		20,878
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	8,723,184	
Deferred Inflows - Pension	(160,664)	
Net Pension Liability	(22,267,564)	(13,705,044)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(7,485,000)	
Bond Premium	(283,118)	
Capital Leases	(26,545)	
Compensated Absences	(1,505,475)	(9,300,138)
<i>Net Position of Governmental Activities</i>		\$ 93,484,225

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	County Board of DD	Motor Vehicle & Gas Tax	JFS Public Assistance	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 2,628,734	\$ 2,991,616	\$ 0	\$ 0	\$ 2,134,160	\$ 7,754,510
Sales Taxes	6,233,915	0	0	0	0	6,233,915
Special Assessments	0	0	0	0	102,783	102,783
Charges for Services	1,959,728	409,744	334,067	22,079	1,589,750	4,315,368
Licenses and Permits	614,718	0	7,938	0	52,518	675,174
Fines and Forfeitures	133,172	0	204,832	0	22,083	360,087
Intergovernmental	2,087,138	1,359,499	3,757,055	2,494,872	5,522,863	15,221,427
Interest	873,410	0	12,027	0	2,701	888,138
Rent	362,166	49,800	0	0	0	411,966
Contributions and Donations	0	0	0	0	11,034	11,034
Other	53,694	16,321	12,776	17,109	88,264	188,164
<i>Total Revenues</i>	<u>14,946,675</u>	<u>4,826,980</u>	<u>4,328,695</u>	<u>2,534,060</u>	<u>9,526,156</u>	<u>36,162,566</u>
Expenditures						
Current:						
General Government						
Legislative and Executive	5,465,520	0	0	0	1,092,647	6,558,167
Judicial	2,776,613	0	0	0	775,374	3,551,987
Public Safety	5,519,848	0	0	0	275,874	5,795,722
Public Works	0	0	3,255,516	0	522,809	3,778,325
Health	21,290	3,862,557	0	0	125,128	4,008,975
Human Services	277,884	0	0	2,554,437	6,027,784	8,860,105
Conservation and Recreation	0	0	0	0	4,776	4,776
Capital Outlay	253,968	303,345	780,599	16,200	1,150,519	2,504,631
Debt Service:						
Principal Retirement	14,621	0	0	0	1,044,795	1,059,416
Interest and Fiscal Charges	2,642	0	0	0	268,109	270,751
<i>Total Expenditures</i>	<u>14,332,386</u>	<u>4,165,902</u>	<u>4,036,115</u>	<u>2,570,637</u>	<u>11,287,815</u>	<u>36,392,855</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>614,289</u>	<u>661,078</u>	<u>292,580</u>	<u>(36,577)</u>	<u>(1,761,659)</u>	<u>(230,289)</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Hospital	1,700,000	0	0	0	0	1,700,000
Proceeds from Sale of Capital Assets	6,598	1,309	0	0	0	7,907
Other Financing Sources	0	0	0	1,472,668	0	1,472,668
Other Financing Uses	0	0	0	(1,472,668)	0	(1,472,668)
Transfers In	0	0	0	0	100,000	100,000
Transfers Out	(25,000)	(75,000)	0	0	0	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,681,598</u>	<u>(73,691)</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>1,707,907</u>
<i>Net Change in Fund Balance</i>	<u>2,295,887</u>	<u>587,387</u>	<u>292,580</u>	<u>(36,577)</u>	<u>(1,661,659)</u>	<u>1,477,618</u>
<i>Fund Balance Beginning of Year</i>	<u>23,139,317</u>	<u>7,357,360</u>	<u>2,299,923</u>	<u>181,851</u>	<u>23,970,112</u>	<u>56,948,563</u>
<i>Fund Balance End of Year</i>	<u>\$ 25,435,204</u>	<u>\$ 7,944,747</u>	<u>\$ 2,592,503</u>	<u>\$ 145,274</u>	<u>\$ 22,308,453</u>	<u>\$ 58,426,181</u>

See accompanying notes to the basic financial statements.

Clinton 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, 2017*

Net Change in Fund Balances - Total Governmental Funds		\$ 1,477,618
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 3,657,351	
Current Year Depreciation	<u>(3,177,859)</u>	479,492
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(81,309)	
Sales Taxes	(138,599)	
Intergovernmental	557,949	
Special Assessments	3,337	
Sale of Hospital	<u>(1,700,000)</u>	(1,358,622)
Repayment 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	1,030,000	
Loan Payable	13,441	
Capital Lease	<u>15,975</u>	1,059,416
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	2,414	
Amortization of Premium on Bonds	41,716	
Amortization of Refunding Loss	<u>(10,438)</u>	33,692
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		1,832,530
Except for amount reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities.		
		(4,718,948)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(82,976)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (1,277,798)</u></u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 2,461,125	\$ 2,461,125	\$ 2,652,041	\$ 190,916
Sales Taxes	5,784,000	5,784,000	6,339,133	555,133
Charges for Services	1,340,027	1,402,931	1,365,881	(37,050)
Licenses and Permits	523,160	523,160	622,654	99,494
Fines and Forfeitures	95,000	95,000	128,315	33,315
Intergovernmental	1,434,851	1,423,899	1,439,559	15,660
Interest	413,235	413,235	739,437	326,202
Rent	340,551	340,550	361,281	20,731
Other	42,548	69,451	35,326	(34,125)
<i>Total Revenues</i>	<u>12,434,497</u>	<u>12,513,351</u>	<u>13,683,627</u>	<u>1,170,276</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	5,630,912	5,729,688	5,453,257	276,431
Judicial	2,878,122	2,970,708	2,781,309	189,399
Public Safety	5,295,628	5,374,970	5,193,805	181,165
Human Services	355,291	355,755	282,327	73,428
Capital Outlay	174,828	276,242	255,776	20,466
<i>Total Expenditures</i>	<u>14,334,781</u>	<u>14,707,363</u>	<u>13,966,474</u>	<u>740,889</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,900,284)</u>	<u>(2,194,012)</u>	<u>(282,847)</u>	<u>1,911,165</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	10,000	10,000	6,598	(3,402)
Proceeds from Sale of Hospital	1,700,000	1,700,000	1,700,000	0
Advances In	100,000	100,000	100,000	0
Advances Out	0	(300,000)	(5,000)	295,000
Transfers Out	(193,000)	(367,297)	(210,000)	157,297
<i>Total Other Financing Sources (Uses)</i>	<u>1,617,000</u>	<u>1,142,703</u>	<u>1,591,598</u>	<u>448,895</u>
<i>Net Change in Fund Balance</i>	(283,284)	(1,051,309)	1,308,751	2,360,060
<i>Fund Balance Beginning of Year</i>	12,364,401	12,364,401	12,364,401	0
Prior Year Encumbrances Appropriated	313,724	313,724	313,724	0
<i>Fund Balance End of Year</i>	<u>\$ 12,394,841</u>	<u>\$ 11,626,816</u>	<u>\$ 13,986,876</u>	<u>\$ 2,360,060</u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
County Board of Developmental Disabilities Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 2,926,931	\$ 3,022,904	\$ 3,022,904	\$ 0
Charges for Services	256,800	381,879	381,879	0
Intergovernmental	835,254	882,623	1,355,060	472,437
Rent	60,000	49,800	49,800	0
Other	30,520	475,414	2,977	(472,437)
<i>Total Revenues</i>	<u>4,109,505</u>	<u>4,812,620</u>	<u>4,812,620</u>	<u>0</u>
Expenditures				
Current:				
Health	4,676,911	4,514,323	4,127,086	387,237
Capital Outlay	0	213,000	211,121	1,879
<i>Total Expenditures</i>	<u>4,676,911</u>	<u>4,727,323</u>	<u>4,338,207</u>	<u>389,116</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(567,406)</u>	<u>85,297</u>	<u>474,413</u>	<u>389,116</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	1,309	1,309	0
Transfers Out	(75,000)	(75,000)	(75,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(75,000)</u>	<u>(73,691)</u>	<u>(73,691)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(642,406)	11,606	400,722	389,116
<i>Fund Balance Beginning of Year</i>	4,610,849	4,610,849	4,610,849	0
Prior Year Encumbrances Appropriated	215,608	215,608	215,608	0
<i>Fund Balance End of Year</i>	<u>\$ 4,184,051</u>	<u>\$ 4,838,063</u>	<u>\$ 5,227,179</u>	<u>\$ 389,116</u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gas Tax Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Charges for Services	346,375	332,996	332,996	0
Licenses and Permits	0	0	7,938	7,938
Fines and Forfeitures	114,000	204,815	204,815	0
Intergovernmental	3,823,125	3,841,667	3,833,729	(7,938)
Interest	2,100	12,027	12,027	0
Other	9,600	12,776	12,776	0
<i>Total Revenues</i>	<u>4,295,200</u>	<u>4,404,281</u>	<u>4,404,281</u>	<u>0</u>
Expenditures				
Current:				
Public Works	4,348,758	4,233,653	3,206,561	1,027,092
Capital Outlay	949,000	968,200	801,500	166,700
<i>Total Expenditures</i>	<u>5,297,758</u>	<u>5,201,853</u>	<u>4,008,061</u>	<u>1,193,792</u>
<i>Net Change in Fund Balance</i>	(1,002,558)	(797,572)	396,220	1,193,792
<i>Fund Balance Beginning of Year</i>	1,327,206	1,327,206	1,327,206	0
Prior Year Encumbrances Appropriated	<u>35,053</u>	<u>35,053</u>	<u>35,053</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 359,701</u>	<u>\$ 564,687</u>	<u>\$ 1,758,479</u>	<u>\$ 1,193,792</u>

See accompanying notes to the basic financial statements.

Clinton County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
JFS Public Assistance
For the Year Ended December 31, 2017*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Charges for Services	34,200	21,332	21,332	0
Intergovernmental	3,206,300	2,494,872	2,494,872	0
Other	35,000	17,109	17,109	0
<i>Total Revenues</i>	3,275,500	2,533,313	2,533,313	0
Expenditures				
Current:				
Human Services	3,321,646	3,034,218	2,575,547	458,671
Capital Outlay	27,300	27,060	16,200	10,860
<i>Total Expenditures</i>	3,348,946	3,061,278	2,591,747	469,531
<i>Excess of Revenues Over (Under) Expenditures</i>	(73,446)	(527,965)	(58,434)	469,531
Other Financing Sources (Uses)				
Other Financing Sources	1,425,000	1,472,668	1,472,668	0
Other Financing Uses	(1,425,000)	(1,472,668)	(1,472,668)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	(73,446)	(527,965)	(58,434)	469,531
<i>Fund Balance Beginning of Year</i>	236,814	236,814	236,814	0
<i>Fund Balance End of Year</i>	\$ 163,368	\$ (291,151)	\$ 178,380	\$ 469,531

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2017

	Enterprise Fund
	Martinsville- Midland Sewer
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 541,432
Accounts Receivable	285,261
<i>Total Current Assets</i>	826,693
<i>Non-Current Assets:</i>	
Non-Depreciable Capital Assets	396,710
Depreciable Capital Assets, Net	6,783,079
<i>Total Non-Current Assets</i>	7,179,789
<i>Total Assets</i>	8,006,482
Deferred Outflows of Resources	
Pension	17,334
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	5,905
Accrued Wages	187
Intergovernmental Payable	27
<i>Total Current Liabilities</i>	6,119
<i>Long-Term Liabilities:</i>	
Advances from Other Funds	2,781,336
Net Pension Liability (See Note 14)	44,265
<i>Total Long-Term Liabilities</i>	2,825,601
<i>Total Liabilities</i>	2,831,720
Deferred Inflows of Resources	
Pension	1,905
Net Position	
Net Investment in Capital Assets	7,179,789
Unrestricted	(1,989,598)
<i>Total Net Position</i>	\$ 5,190,191

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2017

	Enterprise Fund
	Martinsville- Midland Sewer
Operating Revenues	
Charges for Services	\$ 266,039
Other	4,102
<i>Total Operating Revenues</i>	270,141
Operating Expenses	
Personal Services	44,978
Contractual Services	80,900
Materials and Supplies	6,060
Depreciation	168,244
<i>Total Operating Expenses</i>	300,182
<i>Change in Net Position</i>	(30,041)
<i>Net Position Beginning of Year</i>	5,220,232
<i>Net Position End of Year</i>	\$ 5,190,191

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2017

	Enterprise Fund
	Martinsville- Midland Sewer
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 241,352
Cash Received from Other Operating Receipts	4,102
Cash Payments to Suppliers for Goods and Services	(7,505)
Cash Payments to Employees for Services and Benefits	(40,251)
Cash Payments for Contractual Services	(78,500)
<i>Net Cash Provided by Operating Activities</i>	119,198
Cash Flows from Noncapital Financing Activities	
Advances Out	(100,000)
<i>Net Increase in Cash and Cash Equivalents</i>	19,198
<i>Cash and Cash Equivalents Beginning of Year</i>	522,234
<i>Cash and Cash Equivalents End of Year</i>	\$ 541,432
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	\$ (30,041)
Adjustments:	
Depreciation	168,244
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	(24,687)
Deferred Outflows - Pension	(2,606)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	955
Accrued Wages	(302)
Intergovernmental Payable	(48)
Deferred Inflows - Pension	1,120
Net Pension Liability	6,563
<i>Net Cash Provided by Operating Activities</i>	\$ 119,198

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 10,183	\$ 4,400,439
Cash in Segregated Accounts	0	555,678
Intergovernmental Receivable	0	1,557,349
Property Taxes Receivable	0	32,217,056
Special Assessments Receivable	0	691,289
<i>Total Assets</i>	<u>10,183</u>	<u>\$ 39,421,811</u>
Liabilities		
Accounts Payable	0	\$ 4,323
Intergovernmental Payable	0	4,400,273
Deposits Held and Due to Others	0	34,977,477
Undistributed Monies	0	39,738
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 39,421,811</u>
Net Position		
Held in Trust for Scholarships	<u>\$ 10,183</u>	

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Year Ended December 31, 2017

	Private Purpose Trust
Additions	
Contributions and Donations	\$ 18,000
Interest	33
<i>Total Additions</i>	18,033
Deductions	
Payments in Accordance with Trust Agreements	22,943
<i>Change in Net Position</i>	(4,910)
<i>Net Position Beginning of Year</i>	15,093
<i>Net Position End of Year</i>	\$ 10,183

See accompanying notes to the basic financial statements.

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

NOTE 1 - DESCRIPTION OF THE COUNTY

Clinton County, Ohio (the “County”) was created in 1812. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for 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, two common pleas court judges, a probate court judge and a county municipal court judge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government 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.

A. Reporting Entity

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 organizations' governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organizations' resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt or the levying of their taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the financial statements incomplete or misleading.

Based on the foregoing criteria, the financial activities of the following entities have been reflected in the accompanying basic financial statements as:

Blended Component Units

Certain funds are legally separate from the County; however, their activity is so intertwined with that of the County that they are reported as part of the County. The following fund has been included or blended into the County's basic financial statements:

Local Emergency Planning Commission (LEPC) - The LEPC is a legally separate entity from the County. The County Commissioners do not appoint a voting majority of the LEPC’s Board. The LEPC is fiscally independent from the County; however, it would be misleading to exclude the LEPC’s operations from that of the County since the LEPC provides services entirely for the benefit of the County. The operations of the LEPC are accounted for as a separate special revenue fund.

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

Discretely Presented Component Unit

Clinton County Port Authority - The Clinton County Port Authority (the “Port Authority”) was created by the Clinton County Board of Commissioners in September 2004 to enhance economic development in Clinton County. The Port Authority is created in accordance with Section 4582.22 of the Ohio Revised Code. The purpose of the Port Authority is to undertake projects that create or preserve jobs and employment opportunities; that improve and sustain the economic welfare of Clinton County and its residents, and that enhance, aid and promote transportation, housing, recreation, education, governmental operations and culture within the territory served. The Port Authority is considered a component unit of the County as the County can impose its will on the Port Authority through the appointment of the members of the Board of Directors.

Related Organizations

County officials are also responsible for appointing the members of the Boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments of the following organizations:

Clinton County Regional Planning Commission - The Board of County Commissioners appoints 11 of the 20 board members.

Clinton County Regional Airport Authority - The Board of County Commissioners appoints all nine of the Board members.

Potential Component Units Reported as Agency Funds

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but is not accountable as defined in GASB Statement No. 14; therefore, the operations of the following potential component units have been excluded from the County's basic financial statements, but the funds held on behalf of these potential component units in the County Treasury are included in the agency funds.

Clinton County Soil and Water Conservation District
Clinton County Board of Health

Information in the notes to the basic financial statements is applicable to the primary government. When information is provided relative to component units, it is specifically identified.

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

Jointly Governed Organization

The County is a member of the Southern Ohio Council of Governments (the SOCOG), which is a jointly governed organization under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member Board with each participating County represented by its Director of its Board of Developmental Disabilities (DD). Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton Counties. The SOCOG acts as fiscal agent for the Clinton County Board of DD's supportive living program monies. During 2017, the SOCOG did not receive any supportive living monies from Clinton County and as of December 31, 2017, the County had a \$2,404,995 balance on hand with the SOCOG. Financial statements can be obtained from the SOCOG at 126 E. Second St., Suite C, Chillicothe, Ohio, 45601.

Joint Venture Without Equity Interest

Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board) - The County is a member of the Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board), which is a joint venture between Warren and Clinton Counties. The purpose of the Board is to provide aid, support and education for alcohol and drug dependent citizens, as well as those who are mentally handicapped.

The Warren/Clinton Counties ADAMHS Board is governed by a Board appointed by the Ohio Director of Alcohol and Drug Addiction Services, the Ohio Director of Mental Health Services, and Clinton and Warren Counties. The main sources of revenue for this Board are grants from the two previously named state departments and a property tax levy in each of the counties. Outside agencies are contracted by the Board to provide services for the Board. Financial records are maintained by the Warren County Auditor and Treasurer. Pursuant to Section 340.016 of the Ohio Revised Code, any withdrawing county would be required to submit a comprehensive plan that provides for the equitable adjustment and division of debts and obligations of the Joint County District to the State Director of Mental Health.

Risk Pool

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by 63 counties in Ohio. CORSA was formed as an Ohio nonprofit 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 has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. 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. This program is more fully described in Note 13.

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

B. Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the 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 and business-type activities. 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. 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 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 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. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's proprietary funds are charges for services. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. 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 - 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, deferred outflows, liabilities and deferred inflows is reported as fund balance.

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

The following are the County's major governmental funds:

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

County Board of Developmental Disabilities (DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Motor Vehicle and Gas Tax - This fund accounts for monies received by the County for State gasoline tax and vehicle registration fees used for County road and bridge maintenance, construction and improvements.

JFS Public Assistance - This fund accounts for various Federal and State grants used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the County's proprietary fund type:

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 County has the following major enterprise fund:

Martinsville-Midland Sewer - This fund accounts for the operations of the Martinsville-Midland Sewer.

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 private purpose trust funds account for financial assistance to foster families and to provide services to the developmental disabilities community. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Component Units - Component units are either legally separate organizations for which the elected officials of the County are not financially accountable, or legally separate organizations for which the nature and significance of the relationships with the County are such that exclusion would cause the County's financial statement to be misleading or incomplete. The County considers the Clinton County Port Authority a separate discretely presented component unit of the County.

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

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows 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 funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows 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 net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic 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 use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full 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 year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current 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 a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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 all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Inflows of Resources and Deferred Outflows 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 deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 14.

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, 2017, but which were levied to finance 2018 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, sales tax, proceeds from sale of the Hospital, intergovernmental grants, and other miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 14)

Expense/Expenditures - On the full 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.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for certain funds is not reported because it is not included in the entity for which the “appropriated budget” is adopted and separate budgetary financial records are not maintained.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the final amended certificate issued during 2017.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2017 are included in the final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, except for the enterprise fund, are maintained in this pool. Individual fund integrity is maintained through the County’s records. Each fund’s interest in the pool is presented as “equity in pooled cash and cash and cash equivalents” and “investments” on the basic financial statements.

During 2017, investments were limited to federal agency securities.

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during 2017 amounted to \$873,410 which includes \$665,110 assigned from other County funds.

The County has segregated depository accounts for monies held separately from the County's central bank account. These interest-bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the County Treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments are considered to be cash equivalents.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges, culverts, and sewer lines. 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 capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	8 - 70 years	n/a
Buildings and Improvements	10 - 70 years	n/a
Equipment	4 - 20 years	4 - 20 years
Software	5 - 8 years	n/a
Infrastructure	7 - 50 years	7 - 50 years
Vehicles	8 - 10 years	n/a

The County’s policy is to capitalize net interest on 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 from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2017, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the “vesting” method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2017, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of three weeks per year. Vacation and sick leave is accumulated on an hours worked basis. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. The County does not accrue a liability for non-vested sick leave or vacation benefits.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts “matured compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

L. 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 and judgments, compensated absences and pension 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 fund financial statements when due.

M. 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.

N. Unamortized Bond Premium and Discount/Accounting Gain or Loss

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow.

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period.

O. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

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

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivable/interfund payable” for the current portion of interfund loans or “advances to/from other funds” for the non-current portion of interfund loans. These amounts are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the General fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling 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 Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the Board of Commissioners. The Board of Commissioners have by resolution authorized the Auditor to assign fund balance. The Board of Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

The County applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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. Budget Stabilization Arrangement

Pursuant to Ohio Revised Code Section 5705.13, on August 20, 2012, the County established a reserve balance account, in the General fund, in the amount of \$2,103,795, to be used in emergencies for operational expenditures. The balance of the reserve balance account at December 31, 2017 is \$2,000,000. This amount is reported as a component of unassigned fund balance in the General fund and unrestricted net position in the governmental activities.

R. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

S. Estimates

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

T. 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. Neither type of transaction occurred during 2017.

U. Implementation of New Accounting Principles and Restatement of Net Position

For the year ended December 31, 2017, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the County.

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

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the County.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the County's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 3 – DEFICIT FUND BALANCES

The following fund had a deficit balance as of December 31, 2017:

<u>Fund</u>	<u>Deficit</u>
Nonmajor governmental funds	
Special Assessment Bond Retirement	\$ 2,135

The deficit fund balance resulted from adjustments for accrued liabilities. The General fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet the current demands on the treasury. Such 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.

Inactive deposits are public deposits that Council has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the County's and component unit deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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 described in 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's Asset Reserve of Ohio Investment Pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in 1 or 2 above or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed 40 percent of the County's total average portfolio.

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

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

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

A. Cash and Cash Equivalents in Segregated Accounts

At year end, the County had \$555,678 in cash and cash equivalents deposited separate from the County's internal investment pool.

B. Cash with Fiscal Agent

At year end, the County had \$2,404,995 in monies held by SOCOG as a fiscal agent. This amount has been excluded from the total amount of deposits below as it is not part of the County's internal investment pool.

C. Investments

As of December 31, 2017, the County had the following investments and maturities:

Ratings by S&P Gobel	Investment	Measurement Amount	Investment Maturity in Months			% Total
			0 - 12	13 -36	Over 36	
	Fair Value:					
AAA	Federal Home Loan Bank	\$ 4,463,610	\$ 0	\$ 0	\$ 4,463,610	10.57%
AA+	Federal Home Loan Mortgage	32,886,953	0	0	32,886,953	77.91%
AA+	Federal National Mortgage Association Notes	4,862,990	0	0	4,862,990	11.52%
		<u>\$ 42,213,553</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,213,553</u>	<u>100.00%</u>

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the County's recurring fair value measurements as of December 31, 2017. The County's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The County's investments in federal agency securities and the federal agency securities that underlie the repurchase agreement, were rated AA+ and AAA by S&P Global Ratings and Moody's Investor Services, respectively. The County's investment policy does not specifically address credit risk beyond requiring the County to only invest in securities authorized by State statute.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The preceding table includes the percentage of each investment type held by the County at December 31, 2017.

D. Component Unit

At December 31, 2017, the carrying amount of the Port Authority's demand deposits was \$5,162,004.

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

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2017 consisted of the following, as reported on the fund financial statements:

	Transfer From		
Transfer To	General Fund	County Board of DD	Total
Nonmajor governmental funds	\$ 25,000	\$ 75,000	\$ 100,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2017, the County board of developmental disabilities fund transferred \$75,000 to the County board of developmental disabilities capital projects fund.

B. Long-Term Loans

Long-term loans to and from other funds from the General fund to the Martinsville-Midland Sewer fund amount to \$2,781,336 at December 31, 2017. The purpose of the loan was to provide funds to retire the balance of the OPWC loan and USDA bonds issued to finance the construction of Midland sewer. The Martinsville-Midland Sewer fund is scheduled to repay the General fund no less than \$100,000 per year until the General fund has been fully reimbursed for the cost of retiring the debt or upon further resolution by the County Commissioners. The loan is interest-free. The Martinsville-Midland Sewer fund repaid the General fund \$100,000 as scheduled during 2017.

C. Interfund Balances

Interfund balances consisted of the following at December 31, 2017, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General	\$ 6,108	\$ 0
Special Assessment Bond Retirement	0	6,108
Total	\$ 6,108	\$ 6,108

The balances resulted from the time lag between the dates that payments between the funds are made.

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

NOTE 6 - PROPERTY TAXES

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

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

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

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

The full tax rate for all County operations for the year ended December 31, 2017, was \$11.40 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	
Agricultural/Residential	\$ 757,948,990
Commerical/Industrial/Mineral	161,639,440
Tangible Personal Property	
Public Utility	73,388,900
Total Assessed Value	<u>\$ 992,977,330</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the County their portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes levied for the next year. 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.

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1977, the County Commissioners by resolution imposed a 0.5 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1988, the County Commissioners added an additional 0.5 percent tax to the existing tax. Vendor collections of the tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of the

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

month following collection. The Office of Budget and Management then has five days in which to draw the warrant payable to the County. In 2017 the Commissioners did not renew a .5 sales tax levy.

Proceeds of the tax are credited entirely to the General fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue on the fund financial statements to the extent that they are intended to finance 2017 operations. On the government-wide financial statements, the entire receivable amount is recorded as revenue. Sales and use tax revenue for 2017 amounted to \$6,233,915 in the governmental funds.

NOTE 8 – RECEIVABLES

Receivables at December 31, 2017, consisted of taxes, accounts (billings for user charged services), notes, loans, accrued interest, special assessments, interfund and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2017, as well as intended to finance 2017 operations.

Receivables have been disaggregated on the face of the balance sheet. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment and the \$5,403,425 in notes receivable. \$5,100,000 relates to the deferred purchase of the sale of the hospital. The County will receive \$1,700,000 annually over the next three years.

The remaining \$303,425 represents debt the County issued on behalf of the Clinton County Agricultural Society. The Society pays the County as general obligation bond principal and interest payments come due.

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

NOTE 9 - CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,244,112	\$ 2,917	\$ 0	\$ 2,247,029
Construction in Progress	91,614	1,393,169	(464,078)	1,020,705
Total Capital Assets Not Being Depreciated, Net	<u>2,335,726</u>	<u>1,396,086</u>	<u>(464,078)</u>	<u>3,267,734</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,735,412	277,452	0	3,012,864
Buildings and Improvements	26,751,771	132,536	0	26,884,307
Equipment	7,000,310	450,321	(31,007)	7,419,624
Software	640,551	9,167	(10,500)	639,218
Vehicles	3,506,131	579,909	(19,244)	4,066,796
Infrastructure	40,792,270	1,275,958	0	42,068,228
Total Capital Assets, Being Depreciated	<u>81,426,445</u>	<u>2,725,343</u>	<u>(60,751)</u>	<u>84,091,037</u>
Less Accumulated Depreciation:				
Land Improvements	(198,268)	(79,666)	0	(277,934)
Buildings and Improvements	(9,733,084)	(754,833)	0	(10,487,917)
Equipment	(3,030,091)	(657,291)	31,007	(3,656,375)
Software	(349,030)	(101,496)	10,500	(440,026)
Vehicles	(2,193,049)	(423,252)	19,244	(2,597,057)
Infrastructure	(20,965,581)	(1,161,321)	0	(22,126,902)
Total Accumulated Depreciation	<u>(36,469,103)</u>	<u>(3,177,859)</u>	<u>60,751</u>	<u>(39,586,211)</u>
Total Capital Assets Being Depreciated, Net	<u>44,957,342</u>	<u>(452,516)</u>	<u>0</u>	<u>44,504,826</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 47,293,068</u>	<u>\$ 943,570</u>	<u>\$ (464,078)</u>	<u>\$ 47,772,560</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General Government	
Legislative and executive	\$ 706,135
Judicial	47,709
Public Safety	652,129
Public Works	1,594,713
Health	123,915
Human Services	53,258
Total Depreciation Expense	<u>\$ 3,177,859</u>

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

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 396,710	\$ 0	\$ 0	\$ 396,710
Capital Assets, Being Depreciated:				
Equipment	9,049	0	0	9,049
Infrastructure	8,366,916	0	0	8,366,916
Total Capital Assets, Being Depreciated	<u>8,375,965</u>	<u>0</u>	<u>0</u>	<u>8,375,965</u>
Less Accumulated Depreciation:				
Equipment	(2,262)	(905)	0	(3,167)
Infrastructure	(1,422,380)	(167,339)	0	(1,589,719)
Total Accumulated Depreciation	<u>(1,424,642)</u>	<u>(168,244)</u>	<u>0</u>	<u>(1,592,886)</u>
Total Capital Assets Being Depreciated, Net	<u>6,951,323</u>	<u>(168,244)</u>	<u>0</u>	<u>6,783,079</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 7,348,033</u>	<u>\$ (168,244)</u>	<u>\$ 0</u>	<u>\$ 7,179,789</u>

B. Component Unit Capital Assets

A summary of the changes in the Port Authority's capital assets during 2017 follows:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Port Authority:				
Capital Assets Not Being Depreciated:				
Land	\$ 15,586,699	\$ 0	\$ 0	\$ 15,586,699
Capital Assets, Being Depreciated:				
Land Improvements	28,919,918	0	0	28,919,918
Buildings and Improvements	24,418,340	0	0	24,418,340
Vehicles and Equipment	6,656,960	26,750	0	6,683,710
Total Capital Assets, Being Depreciated	<u>59,995,218</u>	<u>26,750</u>	<u>0</u>	<u>60,021,968</u>
Less Accumulated Depreciation:				
Land Improvements	(6,837,463)	(1,080,802)	0	(7,918,265)
Buildings and Improvements	(1,910,699)	(548,715)	0	(2,459,414)
Vehicles and Equipment	(1,207,221)	(285,545)	0	(1,492,766)
Total Accumulated Depreciation	<u>(9,955,383)</u>	<u>(1,915,062)</u>	<u>0</u>	<u>(11,870,445)</u>
Total Capital Assets Being Depreciated, Net	<u>50,039,835</u>	<u>(1,888,312)</u>	<u>0</u>	<u>48,151,523</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 65,626,534</u>	<u>\$ (1,888,312)</u>	<u>\$ 0</u>	<u>\$ 63,738,222</u>

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

NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE

The County has entered into capitalized leases for the acquisition of copiers and a ballot printing system. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$67,398. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the amount of \$15,975 and \$2,788, respectively, were made during 2017.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2017:

			Governmental Activities
Year ending December 31,	2018	\$	16,545
	2019		12,000
Minimum lease payments			<u>28,545</u>
Less: amount representing interest			<u>(2,000)</u>
Present value of net minimum lease payments		\$	<u><u>26,545</u></u>

NOTE 11 - COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees is recorded on the statement of net position. Vacation and sick leave earned by proprietary fund type employees is expensed when earned.

Upon termination of County service, employees are entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 30 days and all accumulated vacation.

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

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2017, the following changes occurred in the County's governmental long-term obligations:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	One Year
Governmental Activities:					
<u>General Obligation Bonds</u>					
Various Purpose Refunding Bonds					
2.23 - 3.75%	\$ 1,055,000	\$ 0	\$ 340,000	\$ 715,000	\$ 355,000
Unamortized Premium	12,273	0	4,209	8,064	0
Fairground/Public Service Agency					
Building Bond - 3.73 - 4.12%	2,240,000	0	165,000	2,075,000	175,000
Various Purpose Bonds					
2.00 - 3.00%	5,220,000	0	525,000	4,695,000	535,000
Unamortized Premium	312,561	0	37,507	275,054	0
	<u>8,839,834</u>	<u>0</u>	<u>1,071,716</u>	<u>7,768,118</u>	<u>1,065,000</u>
Loan Payable	13,441	0	13,441	0	0
Compensated Absences	1,422,499	103,509	20,533	1,505,475	616,720
Capital Leases	42,520	0	15,975	26,545	14,973
Net Pension Liability - OPERS and STRS	<u>17,070,336</u>	<u>5,197,228</u>	<u>0</u>	<u>22,267,564</u>	<u>0</u>
<i>Total Governmental Activities</i>	<u>\$ 27,388,630</u>	<u>\$ 5,300,737</u>	<u>\$ 1,121,665</u>	<u>\$ 31,567,702</u>	<u>\$ 1,696,693</u>
	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	One Year
Business-Type Activities					
Net Pension Liability - OPERS	<u>\$ 37,702</u>	<u>\$ 6,563</u>	<u>\$ 0</u>	<u>\$ 44,265</u>	<u>\$ 0</u>

General Obligation Bonds: General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment. Principal and interest payments on the general obligation bonds are made from the debt service funds.

In 2008, the County issued various purpose general obligation bonds. The proceeds were used for the construction and renovation of buildings at the County's fairgrounds, the construction of a human services building, improvements to the County building and the replacement of the roof of the human services building.

In 2009, the County issued general obligation refunding bonds. The proceeds were used to advance refund the County's 1999 Bypass/Jail Construction Bonds by purchasing SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the County's outstanding debt since the County has satisfied its obligations through the advance refunding.

The reacquisition price exceeded the net carrying value of the old debt by \$109,603. This difference, reported in the accompanying financial statements as a deferred outflow, is amortized as interest expense through the year 2019 using the straight-line method.

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

The assets held in trust as a result of the advance refunding described above are not included in the accompanying basic financial statements. At December 31, 2017, \$700,000 of the refunded bonds being held by escrow agent are still outstanding.

Loan Payable: On July 16, 2012, the County issued a loan in the amount of \$61,801 through The National Bank and Trust Company to finance the purchase of two tractors for the Soil and Water Conservation District. Semi-annual payments were scheduled from March 1, 2013 through September 1, 2017 at an interest rate of 4.05 percent. Payments were made from the Ditch Assessment nonmajor special revenue fund.

2016 Various Purpose Bonds: On March 26, 2016, the County issued general obligation bonds in the amount of \$5,790,000. Proceeds from the bonds will be used to renovate the County courthouse. The bonds were issued with a varying interest rate of 2.00-3.00 percent. The bonds were issued for a ten year period with final maturities at December 1, 2025.

The bonds were issued with a premium of \$337,566, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method.

Vested sick leave and vacation benefits will be paid from the fund from which the employee is paid. The County pays obligations related to employee compensation from the fund benefitting from their service.

The following is a summary of the County's future principal and interest debt service requirements for the general long-term obligations outstanding:

	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2018	\$ 1,065,000	\$ 239,813
2019	1,090,000	209,686
2020	745,000	177,988
2021	770,000	153,788
2022	795,000	128,738
2023-2027	3,020,000	257,520
Totals	\$ 7,485,000	\$ 1,167,533

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

B. Component Unit Long-Term Obligations

During 2017, the following changes occurred in the Port Authority's long-term obligations:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due in One Year
Port Authority:					
Mortgage Loan - Ag Land	\$ 1,152,277	\$ 0	\$ 30,290	\$ 1,121,987	\$ 31,776
Unamortized discount on loans	(22,669)	1,140	0	(21,529)	0
OEBF Loan	8,169,167	0	310,000	7,859,167	315,834
166 Loan	3,823,269	0	178,503	3,644,766	180,292
Net Pension Liability - OPERS	280,431	68,350	0	348,781	0
Total Long-Term Obligations	\$ 13,402,475	\$ 69,490	\$ 518,793	\$ 12,953,172	\$ 527,902

On October 28, 2010, the Port Authority obtained a loan for the purpose of purchasing land. The loan was refinanced on October 28, 2013 in the amount of \$1,234,133. Payments on the loan are due quarterly, with interest at 4.75 percent. The loan matures November 1, 2038.

During 2013, the Port Authority began drawing down on a \$9,055,000 loan obtained from the Ohio Enterprise Bond Fund program (the OEBF loan) for the purpose of constructing a new hangar building. The loan agreement functioned similar to a line-of-credit agreement, and any undisbursed proceeds were held in escrow by a trustee. At December 31, 2014, the Port Authority received the remaining proceeds of the \$9,055,000 loan. The loan requires monthly payments beginning in 2014, including interest at annual rates ranging from 2.0 - 5.0 percent. The final payment is due November 15, 2036. The Port Authority receives rental payments under a lease agreement with Air Transport International LLC (ATI LLC) and Airborne Maintenance and Engineering Services, Inc. (AMES) in an amount sufficient to cover the monthly debt service payments on the loan. The loan and lease payments are guaranteed by Air Transport Services Group, Inc.

In conjunction with the OEBF loan and LDI loan, in 2013 the Port Authority was awarded a \$4,000,000 Ohio Revised Code Chapter 166 loan. The Port Authority received the full amount of the loan proceeds during 2014. Semi-annual payments, including interest at an annual rate of 1 percent, began in May of 2016. The loan is secured with funds derived from a tax increment financing agreement created by the City of Wilmington, Ohio.

The following tables show the future principal and interest payments due on the mortgage loan, OEBF loan and the 166 loan.

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

	Mortgage Loan		OEBF Loan		166 Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 31,776	\$ 53,462	\$ 315,834	\$ 291,692	\$ 180,292	\$ 44,998	\$ 527,902	\$ 390,152
2019	33,334	51,904	320,833	284,714	182,100	42,738	536,267	379,356
2020	34,827	50,411	330,000	277,479	183,925	40,456	548,752	368,346
2021	36,676	48,562	335,833	269,400	185,769	38,152	558,278	356,114
2022	38,475	46,763	345,834	259,997	187,632	35,823	571,941	342,583
2023-2027	222,454	203,736	1,885,000	1,128,439	966,754	143,373	3,074,208	1,475,548
2028-2032	282,570	143,620	2,207,500	774,331	1,016,192	81,574	3,506,262	999,525
2033-2037	359,139	67,051	2,118,333	207,137	742,102	18,645	3,219,574	292,833
2038	82,736	2,501	0	0	0	0	82,736	2,501
Totals	<u>\$ 1,121,987</u>	<u>\$ 668,010</u>	<u>\$ 7,859,167</u>	<u>\$ 3,493,189</u>	<u>\$ 3,644,766</u>	<u>\$ 445,759</u>	<u>\$ 12,625,920</u>	<u>\$ 4,606,958</u>

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 63 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance 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 CORSA are managed by an elected Board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one 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.

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs. Settled claims have not exceeded this coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last year.

B. Health Care, Vision, Dental and Life Insurance

The County has elected to provide medical, dental, vision and group life insurance benefit offerings to employees. The County, through CEBCO, a risk-sharing consortium which is part of CCAO, is insured for medical with Anthem Blue Cross as the carrier. The county contracts for a specific premium rate for the year for enrollees (a fully-insured rate). The consortium is self-insured. Dental is a fully-insured product through Superior Dental and vision is a fully-insured product through VSP. Group life is fully insured through AUL (American United Life).

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

NOTE 14 - 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.

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.

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

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

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.

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

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 who retired 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 (CPI), capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.00 %	18.10 %	18.10 %
Employee	10.00 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.00 %	17.10 %	17.10 %
Post-Employment Health Care Benefits	1.00 %	1.00 %	1.00 %
Total Employer	<u>14.00 %</u>	<u>18.10 %</u>	<u>18.10 %</u>
Employee	<u>10.00 %</u>	<u>12.00 %</u>	<u>13.00 %</u>

* 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 \$1,830,303 for 2017. Of this amount, \$250,538 is reported as an intergovernmental payable. The Port Authority's contractually required contribution was \$26,532 for 2017.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The County participates 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.

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2017 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$11,775 for 2017. The entire amount was paid during 2017.

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. STRS net pension liability was measured as of June 30, 2017, and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Clinton County, Ohio
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	OPERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.09746445%	0.00075482%	
Prior Measurement Period	0.09723504%	0.00079378%	
Change in Proportion	<u>0.00022941%</u>	<u>-0.00003896%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 22,132,519	\$ 179,310	\$ 22,311,829
Pension Expense	\$ 4,808,209	\$ (80,522)	\$ 4,727,687

Component Unit - Port Authority

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Period	0.00153592%
Prior Measurement Period	0.00161900%
Change in Proportion	<u>-0.00008308%</u>
Proportionate Share of the Net	
Pension Liability	\$ 348,781
Pension Expense	\$ 83,581

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	STRS	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 3,296,042	\$ 0	\$ 3,296,042
Differences between Expected and			
Actual Experience	29,999	6,922	36,921
Changes of Assumptions	3,510,485	39,217	3,549,702
Changes in Proportionate Share	21,095	567	21,662
County Contributions Subsequent			
to the Measurement Date	1,830,303	5,888	1,836,191
Total Deferred Outflows of Resources	<u>\$ 8,687,924</u>	<u>\$ 52,594</u>	<u>\$ 8,740,518</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 131,721	\$ 1,445	\$ 133,166
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	0	5,916	5,916
Changes in Proportionate Share	15,325	8,162	23,487
Total Deferred Inflows of Resources	<u>\$ 147,046</u>	<u>\$ 15,523</u>	<u>\$ 162,569</u>

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

Component Unit - Port Authority	OPERS
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	\$ 51,941
Differences between Expected and	
Actual Experience	472
Changes of Assumptions	55,321
Changes in Proportionate Share	15,172
Port Authority Contributions Subsequent to the Measurement Date	26,532
Total Deferred Outflows of Resources	\$ 149,438
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 2,075
Changes in Proportionate Share	7,055
Total Deferred Inflows of Resources	\$ 9,130

\$1,836,191 and \$26,532 reported as deferred outflows of resources related to pension resulting from County and Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or addition of the net pension asset in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	STRS	Total
2018	\$ 2,763,207	\$ 5,418	\$ 2,768,625
2019	2,871,520	13,468	2,884,988
2020	1,172,465	9,166	1,181,631
2021	(96,617)	3,131	(93,486)
	\$ 6,710,575	\$ 31,183	\$ 6,741,758

Component Unit - Port Authority	OPERS
Year Ending December 31:	
2018	53,199
2019	43,926
2020	18,172
2021	(1,521)
	\$ 113,776

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.

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

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, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board’s actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.50 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

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

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

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined

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

Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets within 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 following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

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

Discount Rate The discount rate used to measure the total pension liability was 7.50 percent, post-experience study results. 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 7.50 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 (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability:	\$ 33,812,367	\$ 22,132,519	\$ 12,399,427

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Port Authority's proportionate share of the net pension liability:	\$ 532,841	\$ 348,781	\$ 195,400

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Salary Increases	12.50 percent at 20 to 2.50 percent at age 65
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0 percent effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS's investment consultant indicates that the

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

above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability:	\$ 257,034	\$ 179,310	\$ 113,838

Changes since the Prior Measurement Date

Assumption The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience

Benefit Term Effective July 1, 2017, the COLA was reduced to zero.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health

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

Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the traditional and combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. See OPERS CAFR referenced below for additional information.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 post-retirement 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 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4 percent.

Substantially all of the County’s contributions allocated to fund post-employment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contributions for the years ended December 31, 2017, 2016, and 2015 were \$136,075, \$262,905, and \$221,991 respectively. The 86 percent has been contributed for 2017. The full amount has been contributed for 2016 and 2015. The Port Authority’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$2,041, \$3,971 and \$5,090, respectively. The full amount has been contributed for all years.

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

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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. For 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care.

NOTE 16 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

Several claims and lawsuits are pending against the County. No liability has been accrued on the balance sheet. In the opinion of the County Prosecutor, the likelihood of a liability for the County cannot reasonably be estimated at this time.

NOTE 17 - CONDUIT DEBT OBLIGATION

The County has served as the issuer of \$14,298,685 in industrial revenue bonds. The proceeds were used by private corporations and community organizations to fund various endeavors. The industrial revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit to taxing power of the County pledged to make repayment.

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

NOTE 18 - OTHER COMMITMENTS

A. Contractual Commitments

The County had the following contractual commitment outstanding at December 31, 2017.

	<u>Contract Amount</u>	<u>Expended</u>	<u>Outstanding Commitment</u>
<i>Governmental-Type Activities:</i>			
Remodeling of Buildings E and D	\$ 484,420	\$ 268,301	\$ 216,119
Electronic Key System	42,448	38,632	3,816
	<u>\$ 526,868</u>	<u>\$ 306,933</u>	<u>\$ 219,935</u>

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

B. Other Commitments

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 147,105
County Board of DD	125,820
Motor Vehicle and Gas Tax	40,512
JFS Public Assistance	21,782
Other Governmental Funds	652,910
	<u>\$ 988,129</u>

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund 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 that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the General fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance			
	<u>General</u>	<u>County Board of DD</u>	<u>Motor Vehicle and Gas Tax</u>	<u>JFS Public Assistance</u>
GAAP Basis	\$ 2,295,887	\$ 587,387	\$ 292,580	\$ (36,577)
Net Adjustment for Revenue Accruals	(540,776)	(14,360)	75,586	(747)
Net Adjustment for Expenditure Accruals	4,953	288,917	88,388	29,769
Funds Budgeted Elsewhere *	(174,931)	0	0	0
Adjustment for Encumbrances	<u>(276,382)</u>	<u>(461,222)</u>	<u>(60,334)</u>	<u>(50,879)</u>
Budget Basis	<u>\$ 1,308,751</u>	<u>\$ 400,722</u>	<u>\$ 396,220</u>	<u>\$ (58,434)</u>

*Certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the Unclaimed Money, General Fund Reserve Fund Balance, Geographic Information Systems, Indigent Application Fee, Certificate of Title Administration, Sick and Vacation Payout, County Recorder Equipment, Health Insurance Depository, Sheriff Policing Rotary and Former County Hospital funds.

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

NOTE 20 - FUND BALANCE

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

	General Fund	County Board of DD Fund	Motor Vehicle & Gas Tax Fund	JFS Public Assistance Fund	Other Governmental Funds	Total
Nonspendable for:						
Long-Term Interfund Loans	\$ 2,781,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,781,336
Inventory	0	0	279,942	0	0	279,942
Prepaid Items	78,112	63,724	0	3,470	4,740	150,046
Unclaimed Monies	173,624	0	0	0	0	173,624
Total Nonspendable	3,033,072	63,724	279,942	3,470	4,740	3,384,948
Restricted for:						
General Government	0	0	0	0	1,383,527	1,383,527
Public Safety	0	0	0	0	617,108	617,108
Conservation & Recreation	0	0	0	0	81,973	81,973
Human Services Programs	0	0	0	141,804	2,037,332	2,179,136
Public Works	0	0	2,312,561	0	1,099,332	3,411,893
Health Programs	0	7,881,023	0	0	213,324	8,094,347
Capital Outlay	0	0	0	0	78,022	78,022
Total Restricted	0	7,881,023	2,312,561	141,804	5,510,618	15,846,006
Committed for:						
Health Programs	28,869	0	0	0	0	28,869
Geographic Info Systems	282,999	0	0	0	0	282,999
Sheriff's Policing rotary	228,119	0	0	0	0	228,119
Capital Improvements	0	0	0	0	423,125	423,125
Debt	0	0	0	0	9,194,886	9,194,886
Total Committed	539,987	0	0	0	9,618,011	10,157,998
Assigned:						
Encumbrances						
General Government	126,208	0	0	0	0	126,208
Public Safety	3,407	0	0	0	0	3,407
Human Service Programs	3,560	0	0	0	0	3,560
Capital Outlay	12,410	0	0	0	0	12,410
Health Programs	2,933,935	0	0	0	0	2,933,935
Capital Projects	0	0	0	0	7,177,219	7,177,219
Total Assigned	3,079,520	0	0	0	7,177,219	10,256,739
Unassigned	18,782,625	0	0	0	(2,135)	18,780,490
Total Fund Balance	\$ 25,435,204	\$ 7,944,747	\$ 2,592,503	\$ 145,274	\$ 22,308,453	\$ 58,426,181

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Clinton County, Ohio
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Last Four Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Public Employees' Retirement System (OPERS)				
County's Proportion of the Net Pension Liability	0.0974645%	0.0972350%	0.0975550%	0.0975550%
County's Proportionate Share of the Net Pension Liability	\$ 22,132,519	\$ 16,842,335	\$ 11,766,221	\$ 11,500,462
County's Covered Payroll	\$ 13,574,100	\$ 10,913,808	\$ 11,487,765	\$ 11,806,980
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	163.05%	154.32%	102.42%	97.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
State Teachers Retirement System (STRS)				
County's Proportion of the Net Pension Liability	0.0007548%	0.0007938%	0.0007474%	0.0007474%
County's Proportionate Share of the Net Pension Liability	\$ 179,310	\$ 265,702	\$ 206,564	\$ 180,188
County's Covered Payroll	\$ 81,857	\$ 79,507	\$ 77,179	\$ 69,507
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	219.05%	334.19%	267.64%	259.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	73.00%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

Ohio Public Employees' Retirement System (OPERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00% to 7.50%
- Wage inflation rate from 3.75% to 3.25%
- Price inflation from 3.00% to 2.50%

State Teachers Retirement System (STRS)

Changes of Benefit Terms: Effective July 1, 2017, the COLA was reduced to zero.

Changes of Assumptions: The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Clinton County, Ohio
Required Supplementary Information
Schedule of County Contributions
Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 1,830,303	\$ 1,628,892	\$ 1,351,318	\$ 1,422,878
Contributions in Relation to the Contractually Required Contribution	<u>(1,830,303)</u>	<u>(1,628,892)</u>	<u>(1,351,318)</u>	<u>(1,422,878)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered Payroll	\$ 13,607,464	\$ 13,574,100	\$ 10,913,808	\$ 11,487,765
Contributions as a Percentage of Covered Payroll	13.45%	12.00%	12.38%	12.39%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 11,775	\$ 11,460	\$ 11,131	\$ 10,419
Contributions in Relation to the Contractually Required Contribution	<u>(11,775)</u>	<u>(11,460)</u>	<u>(11,131)</u>	<u>(10,419)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered Payroll	\$ 84,107	\$ 81,857	\$ 79,507	\$ 77,179
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%

(n/a) Information prior to 2013 is not available.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,698,048	n/a	n/a	n/a	n/a	n/a
<u>(1,698,048)</u>	n/a	n/a	n/a	n/a	n/a
<u>\$ 0</u>	n/a	n/a	n/a	n/a	n/a
\$ 11,806,980	n/a	n/a	n/a	n/a	n/a
14.38%	n/a	n/a	n/a	n/a	n/a
\$ 9,036	\$ 8,771	\$ 20,703	\$ 29,402	\$ 26,246	\$ 24,705
<u>(9,036)</u>	<u>(8,771)</u>	<u>(20,703)</u>	<u>(29,402)</u>	<u>(26,246)</u>	<u>(24,705)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 69,507	\$ 67,471	\$ 159,250	\$ 226,171	\$ 201,893	\$ 190,036
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Clinton County Port Authority
Clinton County, Ohio
Required Supplementary Information
Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last Four Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Public Employees' Retirement System (OPERS)				
Port Authority's Proportion of the Net Pension Liability	0.0015359%	0.0016190%	0.0012650%	0.0012650%
Port Authority's Proportionate Share of the Net Pension Liability	\$ 348,781	\$ 280,431	\$ 152,573	\$ 149,127
Port Authority's Covered Payroll	\$ 198,550	\$ 201,458	\$ 155,108	\$ 161,092
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.66%	139.20%	98.37%	92.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

Ohio Public Employees' Retirement System (OPERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00% to 7.50%
- Wage inflation rate from 3.75% to 3.25%
- Price inflation from 3.00% to 2.50%

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Clinton County Port Authority
Clinton County, Ohio
Required Supplementary Information
Schedule of Port Authority Contributions
Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 26,532	\$ 23,826	\$ 24,175	\$ 18,613
Contributions in Relation to the Contractually Required Contribution	<u>(26,532)</u>	<u>(23,826)</u>	<u>(24,175)</u>	<u>(18,613)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Port Authority's Covered Payroll	\$ 204,093	\$ 198,550	\$ 201,458	\$ 155,108
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%

(n/a) Information prior to 2013 is not available.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	20,942	n/a	n/a	n/a	n/a	n/a
	<u>(20,942)</u>	n/a	n/a	n/a	n/a	n/a
\$	<u>0</u>	n/a	n/a	n/a	n/a	n/a
\$	161,092	n/a	n/a	n/a	n/a	n/a
	13.00%	n/a	n/a	n/a	n/a	n/a

CLINTON COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through the Ohio Department of Job and Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster:				
Food Assistance E&T	G-1819-11-5724	10.561	\$ 15,515	\$ 0
Food Assistance E&T 50%	G-1819-11-5724	10.561	2,319	0
Food Assistance	G-1819-11-5724	10.561	276,515	0
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster			<u>294,349</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>294,349</u>	<u>0</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through the Ohio Department of Health</i>				
Help Me Grow - Part C	H181A160024	84.181	116,895	116,895
Help Me Grow - Part C	H181A170024	84.181	41,675	41,675
Total Help Me Grow - Part C			<u>158,570</u>	<u>158,570</u>
Total U.S. Department of Education			<u>158,570</u>	<u>158,570</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through the Ohio Department of Job and Family Services</i>				
Temporary Assistance for Needy Families (TANF) Cluster:				
TANF - Independent Living	G-1617-11-5497 / G-1819-11-5724	93.558	13,465	0
Supplemental TANF Administration	G-1819-11-5724	93.558	32,766	0
TANF - Administration	G-1819-11-5724	93.558	343,557	0
TANF - Regular (Program)	G-1819-11-5724	93.558	419,954	0
TANF - Fraud Awareness	G-1819-11-5724	93.558	2,000	0
Total Temporary Assistance for Needy Families (TANF) Cluster			<u>811,742</u>	<u>0</u>
Child Care and Development Block Grant Cluster:				
Child Care Administration	G-1819-11-5724	93.575	33,615	0
Child Care Non-Administration	G-1819-11-5724	93.575	12,219	0
Total Child Care and Development Block Grant Cluster			<u>45,834</u>	<u>0</u>
Social Services Block Grant				
Title XX - Base Subsidy	G-1819-11-5724	93.667	70,067	0
Title XX - Transfer Subsidy	G-1819-11-5724	93.667	237,995	0
Total Social Services Block Grant			<u>308,062</u>	<u>0</u>
Medicaid Cluster:				
Medical Assistance Program				
Medicaid	G-1819-11-5724	93.778	122,420	0
Medicaid Enhanced	G-1819-11-5724	93.778	266,594	0
Medicaid NET	G-1819-11-5724	93.778	92,836	0
Medicaid Child Welfare Related	G-1819-11-5724	93.778	7,331	0
Total Medical Assistance Program			<u>489,181</u>	<u>0</u>
Child Support Enforcement				
Federal Child Support	G-1819-11-5724	93.563	365,392	0
Child Support Training	G-1819-11-5724	93.563	501	0
County Incentives	G-1819-11-5724	93.563	97,535	0
Total Child Support Enforcement			<u>463,428</u>	<u>0</u>

(Continued)

CLINTON COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> (Continued)				
<i>Passed Through the Ohio Department of Job and Family Services (Continued)</i>				
Promoting Safe and Stable Families				
ESSA Preservation	G-1819-11-5724	93.556	\$ 3,612	\$ 0
ESSA Reunification	G-1819-11-5724	93.556	5,777	0
Post Adoption Special	G-1819-11-5724	93.556	16,780	0
Total Promoting Safe and Stable Families			<u>26,169</u>	<u>0</u>
Stephanie Tubbs Jones Child Welfare Services Program	G-1819-11-5724	93.645	385	0
Foster Care (Title IV-E)				
Title IV-E Admin & Training	G-1819-11-5724	93.658	216,637	0
Title IV-E Contracts FCM	G-1819-11-5724	93.658	18,128	0
Title IV-E Foster Care Services	G-1819-11-5724	93.658	823,967	0
Total Foster Care (Title IV-E)			<u>1,058,732</u>	<u>0</u>
Adoption Assistance (Title IV-E)				
Title IV-E Admin & Training	G-1819-11-5724	93.659	391,221	0
Non-Recurring Adoption	G-1819-11-5724	93.659	5,370	0
Title IV-E Contracts AA	G-1819-11-5724	93.659	32,178	0
Total Adoption Assistance (Title IV-E)			<u>428,769</u>	<u>0</u>
Chafee Foster Care Independence Program	G-1819-11-5724	93.674	26,991	0
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Title XX - Social Services Block Grant	Title XX	93.667	24,966	0
Medicaid Cluster:				
Medical Assistance Program (MAC)	Title XIX	93.778	196,286	0
Memo Total Medicaid Cluster			<u>685,467</u>	<u>0</u>
<i>Passed Through Ohio Department of Mental Health:</i>				
Family-Centered Services and Supports	FY17	93.556	12,885	0
Family-Centered Services and Supports	FY18	93.556	3,118	0
Total Family-Centered Services and Supports			<u>16,003</u>	<u>0</u>
Total U.S. Department of Health and Human Services			<u>3,896,548</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through the Ohio Development Services Agency</i>				
Community Development Block Grants:				
Small Cities CDBG Program	B-C-16-1AN-1	14.228	\$ 146,206	\$ 0
Small Cities Program Grant (Formula)	B-F-15-1AN-1	14.228	73,675	0
Small Cities Program Grant (Formula)	B-F-16-1AN-1	14.228	73,445	0
Total Small Cities Program Grant (Formula)			<u>147,120</u>	<u>0</u>
Home Investment Partnerships Program	B-C-16-1AN-2	14.239	198,704	0
Total U.S. Department of Housing and Urban Development			<u>492,030</u>	<u>0</u>

(Continued)

CLINTON COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through the Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster:				
Farmers Road Sight Improvement	PID #97872	20.205	479,087	0
CLI - CR7/CR8/CR19	PID #99227	20.205	58,062	0
Antioch Road	PID #103910	20.205	14,473	0
Gurneyville/North Curry	PID #95399	20.205	16,690	0
Total Highway Planning and Construction Cluster			568,312	0
<i>Passed Through the Federal Aviation Administration</i>				
Airport Improvement Program	3-39-0091-011-2016	20.106	36,856	0
Airport Improvement Program	3-39-0091-012-2017	20.106	185,439	0
Airport Improvement Program		20.106	47,020	0
Total Airport Improvement Program			269,315	0
Total U.S. Department of Transportation			837,627	0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through the Ohio Department of Public Safety</i>				
Emergency Management Performance Grant		97.042	52,913	0
Total U.S. Department of Homeland Security			52,913	0
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through the Ohio Attorney General's Office - Crime Victim Section</i>				
Crime Victim Assistance	2017-VOCA-43553800	16.575	4,967	0
Crime Victim Assistance	2018-VOCA-109309143	16.575	288	0
Total Crime Victim Assistance			5,255	0
Total U.S. Department of Justice			5,255	0
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed Through the Ohio Department of Jobs and Family Services via Ohio Area 7 Workforce Investment Board</i>				
Workforce Investment Act Cluster:				
WIOA - Adult Program	G-1819-11-5724	17.258	111,641	110,418
WIA - Youth Program	G-1617-11-5497 / G-1819-11-5724	17.259	5,764	5,764
CCMEP - WIOA - Youth Program	G-1819-11-5724	17.259	116,164	115,883
WIA - Youth Total			121,928	121,647
WIOA - Dislocated Worker Program	G-1819-11-5724	17.278	69,085	68,171
WIA - Rapid Response	G-1819-11-5724	17.278	157,553	157,553
Total Workforce Investment Act Cluster			460,207	457,789
Employment Service Cluster:				
OMJ Center Resource Sharing	G-1819-11-5724	17.207	3,000	3,000
Total Employment Service Cluster			3,000	3,000
Total U.S. Department of Labor			463,207	460,789
Total Federal Expenditures			\$ 6,200,499	\$ 619,359

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CLINTON COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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 the Ohio Department of Health and the Ohio Department of Jobs 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 - MATCHING REQUIREMENTS

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

NOTE E – SETTLEMENT PAYMENTS

During the calendar year, the County Board of Developmental Disabilities received a settlement payment for the 2012 and 2013 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$5,170 and \$1,235, respectively. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. The revenue is not listed on the County's Schedule of Expenditure of Federal Awards since the underlying expenses occurred in the prior reporting periods.

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During 2017, the County made allowable transfers of \$237,995 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$811,742 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during 2017 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,049,737
Transfer to Social Services Block Grant	<u>(237,995)</u>
Total Temporary Assistance for Needy Families	<u>\$ 811,742</u>

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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

Clinton County
46 S. South Street
Wilmington, Ohio 45177

To the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clinton County, (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 26, 2018, wherein we modified our opinion for the discretely presented component unit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 through 2017-003.

County's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2018



Dave Yost • Auditor of State

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

Clinton County
46 S. South Street
Wilmington, Ohio 45177

To the County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2018

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified – Discretely Presented Component Unit Unmodified – All Other Opinion Units
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Medicaid Cluster TANF Cluster Foster Care - Title IV-E
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2017-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

The Port Authority is also responsible for the design and implementation of an internal control process that provides reasonable assurance as to the integrity of its financial reporting and the efficiency and effectiveness of its operations. The Port Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit.

We identified the following conditions related to the valuation and financial reporting of the Port Authority's capital assets.

- The Port Authority maintained an asset listing of land, land improvements, buildings and improvements, and equipment. Location information was provided for land assets. Buildings on the asset listing were not always identified by specific location.
- The building and improvements descriptions did not provide sufficient detail to identify each building and related additions.
- The Port Authority had an appraisal completed in 2012. The appraisal did not include values and related depreciation for the vehicles, tractors, or other equipment that were part of the original donation of the Air Park.

Due to the lack of adequate records regarding the location and/or value of the Port Authority capital assets, we were unable to verify the Port Authority assertions of accuracy, completeness and existence regarding its capital assets. The Port Authority capital assets represent 91% of the Discretely Presented Component Unit's assets.

Failure to maintain a detailed, accurate and complete listing of capital assets could result in difficulties locating assets, monitoring useful lives, obtaining adequate insurance, detecting loss, theft and misappropriation of capital assets, and ensuring accurate financial statements.

The Port Authority should continue its efforts to identify, classify, value and account for material capital assets. The Port Authority should also document the capital asset plan, including the anticipated timing of completion and possible use of an outside appraisal company. As the Port Authority identifies possible controls to prevent future errors, the Port Authority should adopt changes to the capital asset policy.

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

Officials' Response:

The Clinton County Port Authority (CCPA) recognizes the need to record, maintain, and monitor the capital assets of the entity. Items purchased since acquiring ownership of the Wilmington Air Park have been recorded and maintained, as necessary. The CCPA continues its effort to reconstruct, and/or determine, value of capital assets donated by DHL to the CCPA as many of these assets were not accompanied by documentation/valuation sufficient for public accounting purposes. Efforts and improvements continue to be made to the valuation and financial reporting of our capital assets regarding the donated assets. With assistance from the Clinton County Auditor and legal counsel, the Port Authority now has a listing of all buildings and values which was received in September of 2018. We intend to index the values to the date of donation and make the appropriate adjustments to the capital asset records.

FINDING NUMBER 2017-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

Ohio Admin. Code 117-2-02 (C)(1) states all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The County lacked management oversight to ensure that the budget and actual financial statements reflected the official budget amounts certified by the budget commission. General fund final budgeted receipts were overstated by \$1,182,451 on the budget and actual statements. Additionally, estimated receipts entered in the accounting system did not agree with the official budget amounts certified by the budget commission. Estimated receipts in the accounting system were \$1,182,451 more than the official budgeted amounts.

The County posted an audit adjustment to the accompanying financial statements to correct the above error.

Failure to properly present accurate budget amounts reduces management's ability to compare the actual financial activity with budgeted amounts. We recommend that the County implement controls to ensure that accurate budget amounts are presented in the financial statements and posted to the accounting system.

Officials' Response

The adjustment proposed was made during audit. The error has been corrected in 2018 by reconciling the official Budget Commission appropriations with Munis, our financial system on a monthly basis.

FINDING NUMBER 2017-003

MATERIAL NONCOMPLIANCE

Ohio Revised Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources as certified by the budget commission. The following fund had appropriations in excess of the estimated resources available for expenditure as certified by the budget commission:

Fund	Estimated Resources	Appropriations	Variance
2501-JFS Public Assistance	\$4,242,794	\$4,533,946	(\$291,152)

Allowing appropriations to exceed amounts certified as available can result in overspending and deficit fund balances.

The County should routinely compare appropriations to the estimated resources available for expenditures as certified by the budget commission for each fund to ensure compliance with the requirements of the Ohio Revised Code

Officials' Response:

The adjustment proposed was made during audit. The error has been corrected in 2018 by ongoing monitoring of estimated resources and appropriations to ensure the budget is in compliance.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



TERENCE G. HABERMEHL

CLINTON COUNTY AUDITOR
46 S. SOUTH ST
WILMINGTON, OH 45177
(937)-382-2250

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

Finding Number	Finding Summary	Status	Additional Information
2016-001	Port Authority did not properly maintain capital asset listing.	Not Corrected	Re-issued as Finding 2017-001. The Port Authority is continuing to identify and value donated assets and plans to complete this in 2018.

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Clinton County Port Authority (CCPA) recognizes the need to record, maintain, and monitor the capital assets of the entity. Items purchased since acquiring ownership of the Wilmington Air Park have been recorded and maintained, as necessary. The CCPA continues its effort to reconstruct, and/or determine, value of capital assets donated by DHL to the CCPA as many of these assets were not accompanied by documentation/valuation sufficient for public accounting purposes. Efforts and improvements continue to be made to the valuation and financial reporting of our capital assets regarding the donated assets. With assistance from the Clinton County Auditor and legal counsel, the Port Authority now has a listing of all buildings and values which was received in September of 2018. We intend to index the values to the date of donation and make the appropriate adjustments to the capital asset records.	12.31.18	Brian Phillips
2017-002	The adjustment proposed was made during audit. The error has been corrected in 2018 by reconciling the official Budget Commission appropriations with Munis, our financial system on a monthly basis.	08.30.18	Donyel Riley
2017-003	The adjustment proposed was made during audit. The error has been corrected in 2018 by ongoing monitoring of estimated resources and appropriations to ensure the budget is in compliance.	08.30.18	Donyel Riley

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Dave Yost • Auditor of State

CLINTON 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 9, 2018