FULTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2017

Dave Yost • Auditor of State

FULTON COUNTY
DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, County Board of Developmental Disabilities, and the Emergency Medical Services Advanced and Basic Life Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards 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 August 23, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

August 23, 2018

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FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
UNAUDITED

The management's discussion and analysis of Fulton County's (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 financial 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:

- The total net position of the County increased $4,205,266. Net position of governmental activities increased $4,623,927, which represents a 6.03% increase from 2016 net position. Net position of business-type activities decreased $418,661 or 1.97% from 2016 net position.

- General revenues accounted for $22,867,827 or 52.79% of total governmental activities revenue. Program specific revenues accounted for $20,452,250 or 47.21% of total governmental activities revenue of $43,320,077.

- The County had $38,610,512 in expenses related to governmental activities; 20,452,250 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $22,867,827 were adequate to provide for these programs.

- The general fund, the County's largest major fund, had revenues and other financing sources of $14,697,364 in 2017. The expenditures and other financing uses of the general fund were $12,727,566 in 2017. The general fund balance increased $1,969,798 from 2016 to 2017.

- The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of $4,994,014 in 2017. The motor vehicle and gas tax fund had expenditures of $4,900,815 in 2017. The motor vehicle and gas tax fund balance increased $93,199 from 2016 to 2017.

- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of $4,462,915 in 2017. The county board of DD had expenditures of $3,868,081 in 2017. The county board of DD fund balance increased $594,834 from 2016 to 2017.

- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of $4,493,784 in 2017. The EMS advanced and basic life services fund had expenditures of $4,221,687 in 2017. The EMS A&B life services fund balance increased $272,097 from 2016 to 2017.

- The County had two major proprietary funds. The net position for the water fund decreased in 2017 by $267,464 or 1.69%. Net position for the sewer fund decreased in 2017 by $172,701 or 3.17%.

- In the general fund, actual revenues and other financing sources of $14,010,760 exceeded original budgeted revenues by $1,974,595 and final budgeted revenues by $1,974,595. The increase is due to the County's conservative approach to budgeting.

Using this Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial 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 County, there are four major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2017?" These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 restricting 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 programs and 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 - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

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 segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general, motor vehicle and gas tax, board of developmental disabilities (county board of DD), and EMS advanced and basic (EMS A&B) life services funds.

Governmental Funds

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

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

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

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water, sewer, solid waste incinerator and recycling operations. The internal service funds used to accumulate and allocate costs intentionally for mapping services and information technology provided to other departments.

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the County as a whole.

The table below provides a summary of the County's net position for 2017 and 2016.

Net Position

	Governmental Activities 2017	Business-type Activities 2017	Governmental Activities 2016	Business-type Activities 2016	2017 Total	2016 Total
Assets:						
Current and other assets	$ 52,546,618	$ 3,237,170	$ 48,663,901	$ 3,143,746	$ 55,783,788	$ 51,807,647
Capital assets, net	53,719,329	20,224,113	50,761,994	20,861,445	73,943,442	71,623,439
Total assets	106,265,947	23,461,283	99,425,895	24,005,191	129,727,230	123,431,086
Deferred outflows of resources:						
Pension	7,425,725	156,113	5,787,004	121,482	7,581,838	5,908,486
Total deferred outflows of resources	7,425,725	156,113	5,787,004	121,482	7,581,838	5,908,486
Liabilities:						
Long-term liabilities	1,894,767	2,047,460	1,919,280	2,185,696	3,942,227	4,104,976
Net pension liability	19,240,706	400,824	15,583,335	313,659	19,641,530	15,896,994
Other liabilities	658,503	334,981	776,294	373,913	993,484	1,150,207
Total liabilities	21,793,976	2,783,265	18,278,909	2,873,268	24,577,241	21,152,177
Deferred inflows of resources:						
Property taxes	10,146,000	-	9,853,904	-	10,146,000	9,853,904
Pension	405,055	6,622	357,372	7,235	411,677	364,607
Total deferred inflows of resources	10,551,055	6,622	10,211,276	7,235	10,557,677	10,218,511
Net position:						
Net investment in capital assets	52,809,910	18,291,467	49,839,225	18,797,181	71,101,377	68,636,406
Restricted	18,365,893	-	16,489,201	-	18,365,893	16,489,201
Unrestricted	10,170,838	2,536,042	10,394,288	2,448,989	12,706,880	12,843,277
Total net position	$ 81,346,641	$ 20,827,509	$ 76,722,714	$ 21,246,170	$ 102,174,150	$ 97,968,884

The County has adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the County's assets and deferred outflows exceeded liabilities and deferred inflows by $102,174,150. This amounts to $81,346,641 in governmental activities and $20,827,509 in business-type activities. The County's finances remained strong during 2017.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 57% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. The County's net investment in capital assets at December 31, 2017, was $71,101,377. 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.

As of December 31, 2017, the County is able to report positive balances in all three categories of net position for the governmental activities and business-type activities.

A portion of the County's net position, $18,365,893 or 17.98%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $12,706,880 may be used to meet the government's ongoing obligations to citizens and creditors.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
UNAUDITED – (CONTINUED)

The table below shows the changes in net position for fiscal years 2017 and 2016.

	Governmental Activities 2017	Business-type Activities 2017	Governmental Activities 2016	Business-type Activities 2016	2017 Total	2016 Total
Revenues:						
Program revenues:						
Charges for services and sales	$ 6,164,454	$ 4,423,911	$ 5,299,795	$ 4,417,460	$ 10,588,365	$ 9,717,255
Operating grants and contributions	10,991,265	-	9,672,484	-	10,991,265	9,672,484
Capital grants and contributions	3,296,531	-	391,217	-	3,296,531	391,217
Total program revenues	20,452,250	4,423,911	15,363,496	4,417,460	24,876,161	19,780,956
General revenues:						
Property taxes	9,689,934	-	8,272,887	-	9,689,934	8,272,887
Sales tax	8,411,273	-	8,406,039	-	8,411,273	8,406,039
Unrestricted grants	2,741,525	-	2,348,362	-	2,741,525	2,348,362
Investment earnings	378,189	-	307,265	-	378,189	307,265
Other	1,646,906	49,168	1,373,458	117,383	1,696,074	1,490,841
Total general revenues	22,867,827	49,168	20,708,011	117,383	22,916,995	20,825,394
Total revenues	43,320,077	4,473,079	36,071,507	4,534,843	47,793,156	40,606,350
Expenses:						
Program expenses:						
General government	8,889,959	-	8,288,794	-	8,889,959	8,288,794
Public safety	9,597,882	-	8,720,152	-	9,597,882	8,720,152
Public works	6,307,438	-	5,076,492	-	6,307,438	5,076,492
Health	5,994,090	-	6,533,114	-	5,994,090	6,533,114
Human services	5,672,933	-	5,229,186	-	5,672,933	5,229,186
Economic development	920,114	-	935,415	-	920,114	935,415
Other	11,876	-	4,928	-	11,876	4,928
Intergovernmental	1,210,649	-	1,111,874	-	1,210,649	1,111,874
Interest and fiscal charges	5,571	-	15,816	-	5,571	15,816
Water	-	4,034,827	-	4,363,798	4,034,827	4,363,798
Sewer	-	629,818	-	678,080	629,818	678,080
Solid waste incinerator	-	312,733	-	290,167	312,733	290,167
Total expenses	38,610,512	4,977,378	35,915,771	5,332,045	43,587,890	41,247,816
Transfers	(85,638)	85,638	(25,000)	25,000	-	-
Change in net position	4,623,927	(418,661)	130,736	(772,202)	4,205,266	(641,466)
Net position at beginning of year	76,722,714	21,246,170	76,591,978	22,018,372	97,968,884	97,838,148
Net position at end of year	$ 81,346,641	$ 20,827,509	$ 76,722,714	$ 21,246,170	$ 102,174,150	$ 97,968,884

Governmental Activities

Governmental net position increased by $4,623,927 in 2017 from 2016.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2017, general government expenses totaled $8,889,959, or 23.02% of total governmental expenses. General government programs were supported by $3,455,025 in direct charges to users, $35,570 in operating grants and contributions, and $30,000 in capital grants and contributions.

The County's largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced & basic life services. The program accounted for $9,597,882 or 24.86% of total governmental expenses. Public safety programs are primarily supported by revenues from charges to users of service, of $1,388,804, operating grants and contributions of $316,187, and capital grants and contributions of $379,705.

The next largest program is public works, which accounted for $6,307,438 of expenses, or 16.34% of total governmental expenses of the County during 2017. Public works programs include the office of the County Engineer, which is accounted for in the motor vehicle and gas tax fund. These expenses were funded in part by $195,105 in charges to users of services, $4,097,174 in operating grants and contributions and $1,497,363 in capital grants and contributions.

Another significant program is health, which accounted for $5,994,090 of expenses, or 15.52% of total governmental expenses of the County during 2017. Health programs include the operation of the county board of DD, the senior center and the dog warden and kennel. These expenses were funded in part by $486,780 in charges to users of services and $1,130,438 in operating grants and contributions.

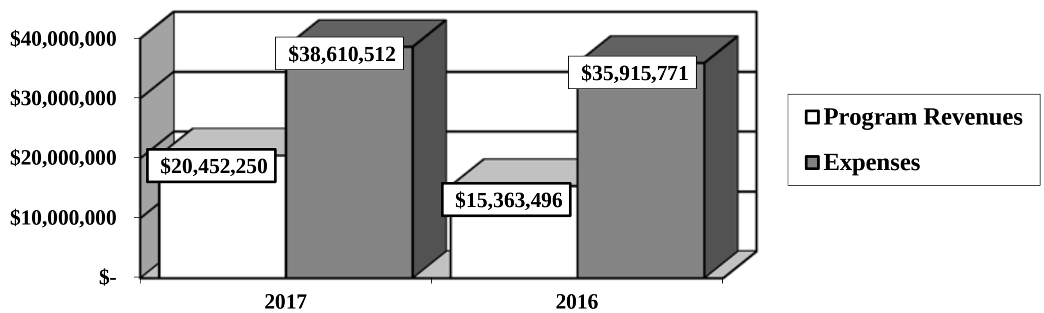
The final significant program is human services, which accounted for $5,672,933 of expenses, or 14.69% of total governmental expenses of the County during 2017. Human services programs include the operations of the public assistance, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by $622,150 in charges to users of services, $3,760,782 in operating grants and contributions and $60,495 in capital grants and contributions in 2017.

Operating grants and contributions were the largest type of program revenue. The State and federal government contributed revenues of $10,991,265 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $3,760,782, or 34.22%, subsidized human services programs, $4,097,174 or 37.28%, subsidized public works programs, and $1,130,438, or 10.28%, subsidized health programs. Another type of program revenue is direct charges to users of governmental activities, made up $6,164,454 or 30.14% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

General revenues totaled $22,867,827, and amounted to 52.79% of total revenues. These revenues primarily consist of property and sales tax revenue of $18,101,207, or 79.16% of total general revenues in 2017. Property taxes increased by $1,417,047 during 2017. Sales tax revenue increased $5,234 in 2017. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue, homestead and rollback and tangible personal property tax reimbursement revenue. Interest earnings increased during 2017 to $378,189, or 1.65%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities – Program Revenues vs. Total Expenses

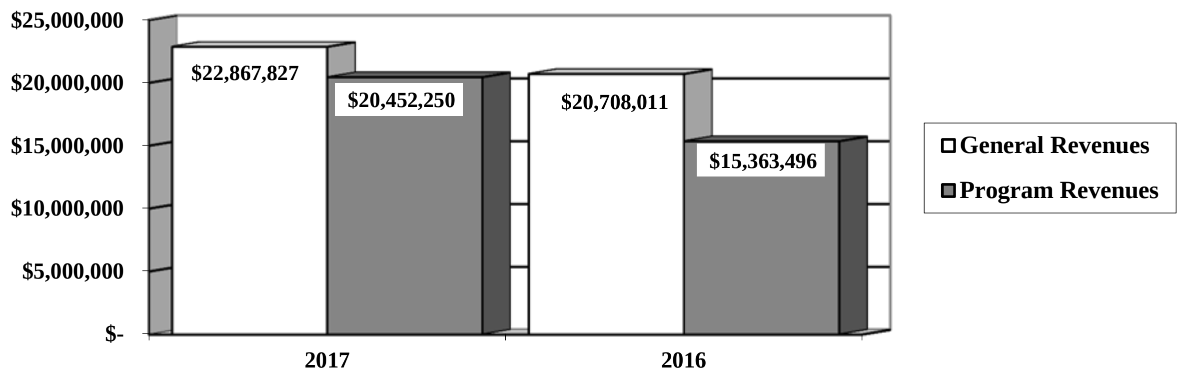


Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses:				
General government	$ 8,889,959	$ 5,369,364	$ 8,288,794	$ 5,019,001
Public safety	9,597,882	7,513,186	8,720,152	7,588,382
Public works	6,307,438	517,796	5,076,492	471,607
Health	5,994,090	4,376,872	6,533,114	4,694,183
Human services	5,672,933	1,229,506	5,229,186	1,228,900
Economic development and assistance	920,114	(747,590)	935,415	417,584
Other	11,876	11,876	4,928	4,928
Intergovernmental	1,210,649	(118,319)	1,111,874	1,111,874
Interest and fiscal charges	5,571	5,571	15,816	15,816
Total	$ 38,610,512	$ 18,158,262	$ 35,915,771	$ 20,552,275

The dependence upon general revenues for governmental activities is apparent; with 47.03% and 57.22% of expenses supported through taxes and other general revenues during 2017 and 2016, respectively.

Governmental Activities - General and Program Revenues



Business-Type Activities

The water and sewer funds are the County's two major proprietary funds. The business-type activities had revenues of $4,473,079 and expenses of $4,977,378 for 2017. The net position of these programs decreased $418,661 or 1.97% from 2016.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of $36,963,464, which is $2,814,478 more than last year's total of $34,148,986. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2017 for all major and non-major governmental funds.

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
Major funds:			
General	$ 13,926,779	$ 11,956,981	$ 1,969,798
Motor vehicle and gas tax	2,868,620	2,775,421	93,199
County board of DD	6,028,050	5,433,216	594,834
EMS A & B life services	1,186,902	914,805	272,097
Other nonmajor governmental funds	12,953,113	13,068,563	(115,450)
Total	$ 36,963,464	$ 34,148,986	$ 2,814,478

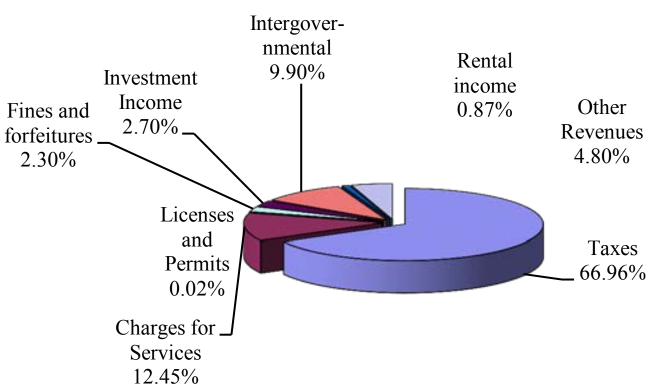
General Fund

The general fund is the primary operating fund of the County. During 2017, the County's general fund balance increased $1,969,798. The table that follows assists in illustrating the revenues of the general fund.

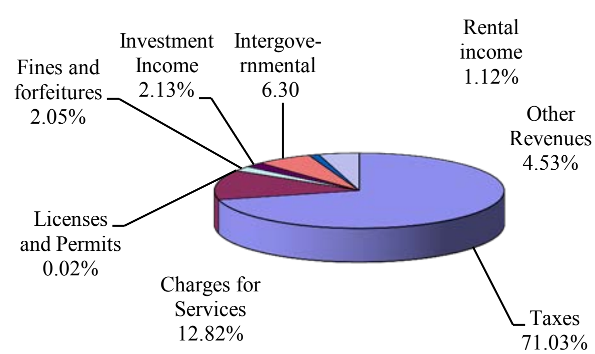
	2017 Amount	2016 Amount	Percentage Change
Revenues:			
Taxes	$ 9,671,635	$ 9,581,285	0.94 %
Charges for services	1,797,631	1,728,988	3.97 %
Licenses and permits	2,779	2,985	(6.90) %
Fines and forfeitures	331,777	276,891	19.82 %
Intergovernmental	1,430,070	848,332	68.57 %
Investment income	390,259	287,921	35.54 %
Rental income	125,828	150,864	(16.60) %
Other	693,885	611,604	13.45 %
Total	$ 14,443,864	$ 13,488,870	7.08 %

Tax revenue represents 66.96% of all general fund revenue. Intergovernmental income increased 68.57% due to an increase in Medicaid aide received in 2017. Fines and forfeitures increased 19.82% due to more fines being paid. Investment income increased 35.54% due to the county holding more investments. Rental income decreased 16.60% due to less rent being paid to the County. All other revenue remained comparable to 2016

Revenues – 2017



Revenues – 2016

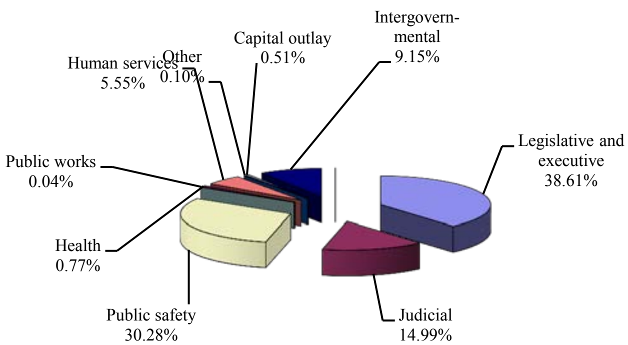


The table that follows assists in illustrating the expenditures of the general fund.

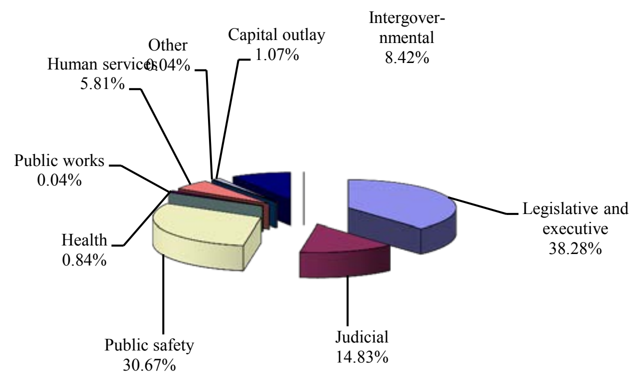
	Amount	Amount	Change
Expenditures			
General government			
Legislative and executive	$ 4,716,810	$ 4,477,645	5.34 %
Judicial	1,831,936	1,673,376	9.48 %
Public safety	3,699,461	3,586,246	3.16 %
Public works	4,377	4,438	(1.37) %
Health	93,902	97,698	(3.89) %
Human services	678,134	679,362	(0.18) %
Other	11,876	4,928	140.99 %
Capital outlay	62,114	124,854	(50.25) %
Intergovernmental	1,118,452	1,050,013	6.52 %
Total	$ 12,217,062	$ 11,698,560	4.43 %

Overall general fund expenditures increased 4.43% from the prior year. Public works expenditures decreased 1.37% due to a decrease in public works projects. Capital outlay decreased 50.25% due to a decrease in assets purchased. Other expenditures increased 140.99% to an overall increase in unclaimed monies. Overall, expenditures remained consistent with the prior year.

Expenditures – 2017



Expenditures – 2016



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of $4,994,014 in 2017. The motor vehicle and gas tax fund had expenditures of $4,900,815 in 2017. The motor vehicle and gas tax fund balance increased $93,199 from 2016 to 2017. The increase is due to expenditures for public works projects being less than revenues.

County Board of Developmental Disabilities (County Board of DD)

The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of $4,462,915 in 2017. The county board of DD had expenditures of $3,868,081 in 2017. The county board of DD fund balance increased $594,834 from 2016 to 2017. The increase is due to expenditures for health programs being less than revenues.

EMS Advanced and Basic Life Services Fund

The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of $4,493,784 in 2017. The EMS advanced and basic life services fund had expenditures of $4,221,687 in 2017. The EMS A&B life services fund balance increased $272,097 from 2016 to 2017. This increase is primarily due to an increase in property tax collections.

Budgeting Highlights – General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, actual revenues and other financing sources of $14,010,760 exceeded original budgeted revenues by $1,974,595 and final budgeted revenues by $1,974,595. The increase is due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of $12,922,705 were $938,950 less than original budgeted appropriations and $1,902,645 less than final budgeted appropriations, respectively.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2017, the County had $73,943,442 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, $53,719,329 was reported in governmental activities and $20,224,113 was reported in business-type activities, see Note 10 to the basic financial statements for detail.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
UNAUDITED – (CONTINUED)

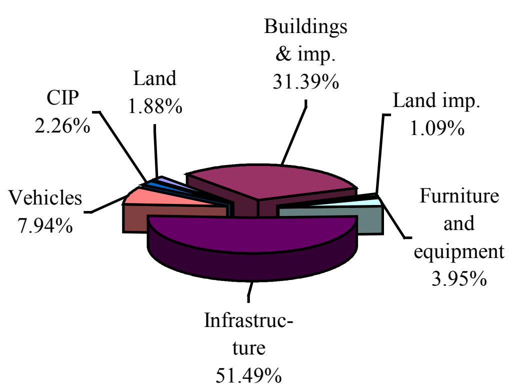
The following table shows fiscal 2017 balances compared to 2016:

Capital Assets at December 31
(Net of Depreciation)

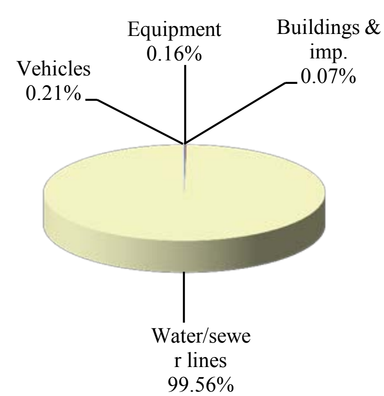
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 1,011,931	$ 1,011,931	$ -	$ -	$ 1,011,931	$ 1,011,931
Construction-in-progress	1,213,407	1,742,367	-	-	1,213,407	1,742,367
Land improvements	583,940	606,238	-	-	583,940	606,238
Building and improvements	16,864,781	14,091,392	10,415	12,150	16,875,196	14,103,542
Furniture and equipment	2,120,344	2,209,640	32,670	37,483	2,153,014	2,247,123
Vehicles	4,262,749	4,088,298	44,846	25,422	4,307,595	4,113,720
Infrastructure	27,662,177	27,012,128	-	-	27,662,177	27,012,128
Water/sewer lines	-	-	20,136,182	20,786,390	20,136,182	20,786,390
Total	$ 53,719,329	$ 50,761,994	$ 20,224,113	$ 20,861,445	$ 73,943,442	$ 71,623,439

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2017 and 2016.

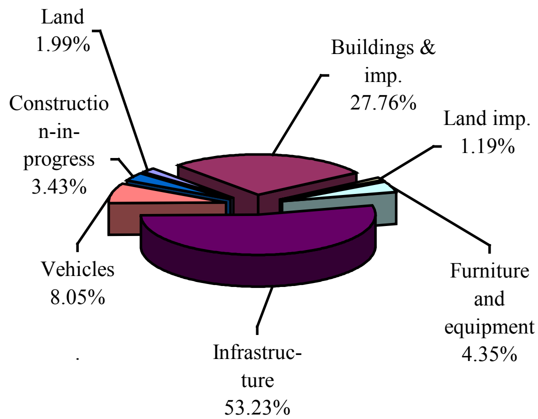
Capital Assets - Governmental Activities 2017



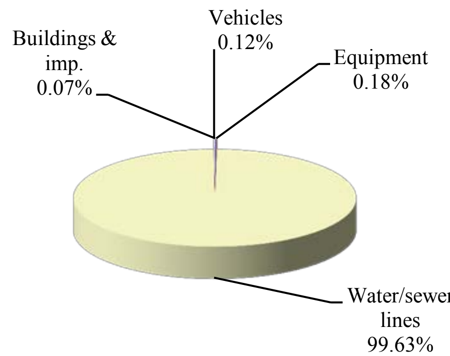
Capital Assets - Business-Type Activities 2017



Capital Assets - Governmental Activities 2016



Capital Assets - Business-Type Activities 2016



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2017 and 2016:

	Activities 2017	Activities 2016
Special assessment bonds	$ 65,000	$ 85,000
General obligation notes	-	31,562
General obligation bonds	-	110,000
Capital lease	6,837	9,751
OPWC loans	902,582	750,966
Total long-term obligations	$ 974,419	$ 987,279
OWDA loans	$ 1,760,612	$ 1,839,016
Special assessment bonds	114,327	157,603
Loan payable	116,423	133,645
Total long-term obligations	$ 1,991,362	$ 2,130,264

See Note 13 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the 2017 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2017 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

The average unemployment rate for Fulton County in 2017 was 6.3%. Fulton County ranks slightly higher than the state average of 5.0%. Efforts in the area of economic development are predicted to have positive results in 2017 with the addition of jobs in Fulton County. The strongest growth area in 2017 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to improve slowly over the next year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Brett J. Kolb, Fulton County Auditor, Courthouse, 152 S. Fulton Street, Suite 165, Wauseon, Ohio 43567-3310.

FULTON COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 34,244,346	$ 2,452,349	$ 36,696,695
Cash in segregated accounts	25,979	1,822	27,801
Receivables:			
Sales taxes	2,033,290	-	2,033,290
Property taxes	10,192,210	-	10,192,210
Accounts	308,149	412,756	720,905
Special assessments	580,798	353,186	933,984
Accrued interest	167,019	-	167,019
Due from other governments	4,336,453	-	4,336,453
Materials and supplies inventory	298,602	4,221	302,823
Prepayments	140,624	16,018	156,642
Net pension asset	21,641	469	22,110
Loans receivable, net	193,856	-	193,856
Internal balance	3,651	(3,651)	-
Capital assets:			
Land and construction in progress	2,225,338	-	2,225,338
Depreciable capital assets, net	51,493,991	20,224,113	71,718,104
Total capital assets, net	53,719,329	20,224,113	73,943,442
Total assets	106,265,947	23,461,283	129,727,230
Deferred outflows of resources:			
Pension- OPERS	7,203,615	156,113	7,359,728
Pension- STRS	222,110	-	222,110
Total deferred outflows of resources	7,425,725	156,113	7,581,838
Liabilities:			
Accounts payable	374,915	328,522	703,437
Accrued wages and benefits	222,803	5,238	228,041
Due to other governments	60,533	722	61,255
Accrued interest payable	252	499	751
Long-term liabilities:			
Due within one year	791,922	187,152	979,074
Net pension liability	19,240,706	400,824	19,641,530
Due in more than one year	1,102,845	1,860,308	2,963,153
Total liabilities	21,793,976	2,783,265	24,577,241
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	10,146,000	-	10,146,000
Pension-OPERS	358,875	6,622	365,497
Pension-STRS	46,180	-	46,180
Total deferred inflows of resources	10,551,055	6,622	10,557,677
Net position:			
Net investment in capital assets	52,809,910	18,291,467	71,101,377
Restricted for:			
Debt service	8,328	-	8,328
Capital projects	885,357	-	885,357
Real estate assessment	764,010	-	764,010
Public safety programs	2,830,712	-	2,830,712
Public works	2,965,581	-	2,965,581
Health programs	5,022,007	-	5,022,007
County court special projects	676,136	-	676,136
Human services programs	2,470,429	-	2,470,429
Economic development programs	1,318,057	-	1,318,057
County court computer services	456,878	-	456,878
Other purposes	968,398	-	968,398
Unrestricted	10,170,838	2,536,042	12,706,880
Total net position	$ 81,346,641	$ 20,827,509	$ 102,174,150

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	$ 6,404,541	$ 2,080,606	$ 35,570	$ -
Judicial	2,485,418	1,374,419	-	30,000
Public safety	9,597,882	1,388,804	316,187	379,705
Public works	6,307,438	195,105	4,097,174	1,497,363
Health	5,994,090	486,780	1,130,438	-
Human services	5,672,933	622,150	3,760,782	60,495
Economic development and assistance	920,114	16,590	1,651,114	-
Intergovernmental	1,210,649	-	-	1,328,968
Other	11,876	-	-	-
Interest and fiscal charges	5,571	-	-	-
Total governmental activities	38,610,512	6,164,454	10,991,265	3,296,531
Business-type activities:				
Water	4,034,827	3,718,359	-	-
Sewer	629,818	456,315	-	-
Other business-type activities:				
Solid waste incinerator	312,733	249,237	-	-
Total business-type activities	4,977,378	4,423,911	-	-
Totals	$ 43,587,890	$ 10,588,365	$ 10,991,265	$ 3,296,531

General revenues:
Property taxes levied for:
General purposes
Health - County Board of DD
Health - Senior Center
Public safety - EMS A & B life services
Public safety - EMS
Public safety - 911
Sales taxes levied for:
General purposes
Grants and entitlements not restricted
to specific programs
Investment earnings
Miscellaneous

Total general revenues

Transfers

Change in net position

Net position at beginning of year

Net positon at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Total**
$ (4,288,365)	$ -	$ (4,288,365)
(1,080,999)	-	(1,080,999)
(7,513,186)	-	(7,513,186)
(517,796)	-	(517,796)
(4,376,872)	-	(4,376,872)
(1,229,506)	-	(1,229,506)
747,590	-	747,590
118,319	-	118,319
(11,876)	-	(11,876)
(5,571)	-	(5,571)
(18,158,262)	-	(18,158,262)
-	(316,468)	(316,468)
-	(173,503)	(173,503)
-	(63,496)	(63,496)
-	(553,467)	(553,467)
(18,158,262)	(553,467)	(18,711,729)
1,736,370	-	1,736,370
2,796,481	-	2,796,481
1,209,774	-	1,209,774
3,210,425	-	3,210,425
213,526	-	213,526
523,358	-	523,358
8,411,273	-	8,411,273
2,741,525	-	2,741,525
378,189	-	378,189
1,646,906	49,168	1,696,074
22,867,827	49,168	22,916,995
(85,638)	85,638	-
4,623,927	(418,661)	4,205,266
76,722,714	21,246,170	97,968,884
$ 81,346,641	$ 20,827,509	$ 102,174,150

FULTON COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Motor Vehicle and Gas Tax	County Board of DD	EMS A & B Life Services
Assets:				
Equity in pooled cash and investments	$ 11,927,502	$ 2,127,616	$ 6,058,520	$ 1,123,425
Cash in segregated accounts	25,979	-	-	-
Receivables:				
Sales taxes	1,993,238	40,052	-	-
Property taxes	1,702,897	-	3,325,658	3,205,454
Accounts	102,169	5,198	10,518	144,795
Special assessments	-	-	-	-
Interfund loans	200,000	-	-	-
Accrued interest	167,019	-	-	-
Due from other funds	36,511	-	-	-
Due from other governments	701,586	2,008,132	183,388	107,221
Advances to other funds	40,473	-	-	-
Materials and supplies inventory	73,463	184,915	726	-
Prepayments	45,798	5,723	19,614	1,280
Loans receivable, net	-	-	-	-
Total assets	$ 17,016,635	$ 4,371,636	$ 9,598,424	$ 4,582,175
Liabilities:				
Accounts payable	$ 123,766	$ 83,627	$ 36,368	$ 34,978
Accrued wages and benefits payable	98,095	28,892	21,933	682
Due to other governments	14,433	3,987	3,027	94
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	35,843	-	-	901
Total liabilities	272,137	116,506	61,328	36,655
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	1,700,000	-	3,320,000	3,200,000
Delinquent property tax revenue not available	2,897	-	5,658	5,454
Accrued interest not available	86,776	-	-	-
Special assessments revenue not available	-	-	-	-
Sales tax revenue not available	736,064	-	-	-
Intergovernmental revenue not available	291,982	1,386,510	183,388	107,221
Miscellaneous revenue not available	-	-	-	45,943
Total deferred inflows of resources	2,817,719	1,386,510	3,509,046	3,358,618
Fund balances:				
Nonspendable	254,362	190,638	20,340	1,280
Restricted	-	2,677,982	6,007,710	1,185,622
Committed	-	-	-	-
Assigned	6,054,500	-	-	-
Unassigned (deficit)	7,617,917	-	-	-
Total fund balances	13,926,779	2,868,620	6,028,050	1,186,902
Total liabilities, deferred inflows of resources and fund balances	$ 17,016,635	$ 4,371,636	$ 9,598,424	$ 4,582,175

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 12,882,107	$ 34,119,170
-	25,979
-	2,033,290
1,958,201	10,192,210
45,446	308,126
580,798	580,798
-	200,000
-	167,019
48,239	84,750
1,336,126	4,336,453
-	40,473
39,306	298,410
51,916	124,331
193,856	193,856
$ 17,135,995	$ 52,704,865
$ 92,423	$ 371,162
68,584	218,186
38,354	59,895
200,000	200,000
40,473	40,473
44,288	81,032
484,122	970,748
1,926,000	10,146,000
3,282	17,291
-	86,776
580,798	580,798
-	736,064
1,188,680	3,157,781
-	45,943
3,698,760	14,770,653
91,222	557,842
10,534,745	20,406,059
2,495,742	2,495,742
1,176	6,055,676
(169,772)	7,448,145
12,953,113	36,963,464
$ 17,135,995	$ 52,704,865

FULTON COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances		$ 36,963,464
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		53,715,589
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Sales taxes receivable	$ 736,064	
Property taxes receivable	17,291	
Charges for service receivable	45,943	
Intergovernmental receivable	3,157,781	
Special assessments receivable	580,798	
Accrued interest receivable	86,776	
Total		4,624,653
Internal service funds are used by management to charge the costs of geographic information systems and loss to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.		(114,932)
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.		(252)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Net pension asset	21,203	
Deferred outflows of resources	7,279,738	
Deferred inflows of resources	(397,874)	
Net pension liability	(18,865,882)	
Total		(11,962,815)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	904,647	
Capital lease payable	6,837	
Special assessment bonds	65,000	
OPWC loans	902,582	
Total		(1,879,066)
Net position of governmental activities		$ 81,346,641

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Motor Vehicle and Gas Tax	County Board of DD	EMS A & B Life Services
Revenues:				
Property taxes	$ 1,736,692	$ -	$ 2,795,974	$ 3,211,599
Sales taxes	7,934,943	553,685	-	-
Charges for services	1,797,631	117,322	132,401	1,059,624
Licenses and permits	2,779	-	-	-
Fines and forfeitures	331,777	77,783	-	-
Intergovernmental	1,430,070	4,090,823	1,413,412	217,321
Special assessments	-	-	-	-
Investment income	390,259	2,762	-	-
Rental income	125,828	-	-	-
Contributions and donations	7,085	-	12,433	-
Other	686,800	64,755	63,695	5,240
Total revenues	14,443,864	4,907,130	4,417,915	4,493,784
Expenditures:				
Current:				
General government:				
Legislative and executive	4,716,810	-	-	-
Judicial	1,831,936	-	-	-
Public safety	3,699,461	-	-	4,221,687
Public works	4,377	4,778,908	-	-
Health	93,902	-	3,868,081	-
Human services	678,134	-	-	-
Economic development and assistance	-	-	-	-
Capital outlay	62,114	-	-	-
Intergovernmental	1,118,452	-	-	-
Other	11,876	-	-	-
Debt service:				
Principal retirement	-	121,907	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	12,217,062	4,900,815	3,868,081	4,221,687
Excess (deficiency) of revenues over (under) expenditures	2,226,802	6,315	549,834	272,097
Other financing sources (uses):				
Sale of capital assets	3,500	-	-	-
Transfers in	250,000	86,884	45,000	-
Transfers (out)	(510,504)	-	-	-
OPWC loan proceeds	-	-	-	-
Total other financing sources (uses)	(257,004)	86,884	45,000	-
Net change in fund balances	1,969,798	93,199	594,834	272,097
Fund balances at beginning of year	11,956,981	2,775,421	5,433,216	914,805
Fund balances at end of year	$ 13,926,779	$ 2,868,620	$ 6,028,050	$ 1,186,902

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,081,345	$ 9,825,610
-	8,488,628
2,204,925	5,311,903
45,920	48,699
210,136	619,696
8,480,425	15,632,051
449,037	449,037
182	393,203
-	125,828
1,807	21,325
720,844	1,541,334
14,194,621	42,457,314
917,864	5,634,674
201,508	2,033,444
1,337,579	9,258,727
14,629	4,797,914
1,704,044	5,666,027
4,472,702	5,150,836
886,511	886,511
4,918,223	4,980,337
-	1,118,452
-	11,876
164,476	286,383
9,040	9,040
14,626,576	39,834,221
(431,955)	2,623,093
-	3,500
487,866	869,750
(444,884)	(955,388)
273,523	273,523
316,505	191,385
(115,450)	2,814,478
13,068,563	34,148,986
$ 12,953,113	$ 36,963,464

FULTON COUNTY

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		$ 2,814,478
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	$ 6,794,086	
Current year depreciation	(3,809,381)	
Total		2,984,705
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(26,440)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	(77,355)	
Property taxes	(1,370)	
Intergovernmental revenues	938,230	
Special assessments	12,006	
Investment income	(14,832)	
Charges for services	6,084	
Total		862,763
Proceeds of loans are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(273,523)
Repayment of bond, loan, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		286,383
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		3,469
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,463,815
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(3,487,505)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		15,409
The internal service funds used by management to charge the costs of GIS and loss to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(19,627)
Change in net position of governmental activities		$ 4,623,927

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 1,707,500	$ 1,707,500	$ 1,762,575	$ 55,075
Sales taxes	7,200,000	7,200,000	7,977,361	777,361
Charges for services	1,260,505	1,260,505	1,498,230	237,725
Licenses and permits	1,600	1,600	2,754	1,154
Fines and forfeitures	295,550	295,550	328,279	32,729
Intergovernmental	732,000	732,000	933,398	201,398
Investment income	250,310	250,310	503,868	253,558
Rental income	130,000	130,000	124,215	(5,785)
Contributions and donations	2,000	2,000	7,794	5,794
Other	456,700	456,700	618,786	162,086
Total revenues	12,036,165	12,036,165	13,757,260	1,721,095
Expenditures:				
Current:				
General government:				
Legislative and executive	4,579,932	5,276,881	4,725,582	551,299
Judicial	1,835,534	2,021,811	1,637,724	384,087
Public safety	4,430,193	4,421,061	3,835,836	585,225
Public works	36,000	6,600	4,874	1,726
Health	101,125	101,654	100,810	844
Human services	906,610	906,202	698,933	207,269
Intergovernmental	965,866	1,167,805	1,117,924	49,881
Other	496,051	98,232	1,200	97,032
Capital outlay	510,344	99,845	89,318	10,527
Total expenditures	13,861,655	14,100,091	12,212,201	1,887,890
Excess (deficiency) of revenues over (under) expenditures	(1,825,490)	(2,063,926)	1,545,059	3,608,985
Other financing sources (uses):				
Sale of capital assets	-	-	3,500	3,500
Advances (out)	-	(200,000)	(200,000)	-
Transfers in	-	-	250,000	250,000
Transfers (out)	-	(525,259)	(510,504)	14,755
Total other financing sources (uses)	-	(725,259)	(457,004)	268,255
Net change in fund balance	(1,825,490)	(2,789,185)	1,088,055	3,877,240
Fund balance at beginning of year	6,373,988	6,373,988	6,373,988	-
Prior year encumbrances appropriated	151,396	151,396	151,396	-
Fund balance at end of year	$ 4,699,894	$ 3,736,199	$ 7,613,439	$ 3,877,240

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Sales taxes	$ 548,000	$ 548,000	$ 554,432	$ 6,432
Charges for services	222,200	127,200	122,475	(4,725)
Fines and forfeitures	62,600	62,600	77,113	14,513
Intergovernmental	4,086,000	3,967,000	4,103,354	136,354
Investment income	1,200	1,200	2,762	1,562
Other	50,000	50,000	64,755	14,755
Total revenues	4,970,000	4,756,000	4,924,891	168,891
Expenditures:				
Current:				
Public works	5,225,305	6,249,924	4,978,733	1,271,191
Debt service:				
Principal retirement	115,000	123,750	121,907	1,843
Total expenditures	5,340,305	6,373,674	5,100,640	1,273,034
Excess of expenditures over revenues	(370,305)	(1,617,674)	(175,749)	1,441,925
Other financing sources:				
Transfers in	30,000	30,000	86,884	56,884
Total other financing sources	30,000	30,000	86,884	56,884
Net change in fund balance	(340,305)	(1,587,674)	(88,865)	1,498,809
Fund balance at beginning of year	1,805,022	1,805,022	1,805,022	-
Prior year encumbrances appropriated	296,555	296,555	296,555	-
Fund balance at end of year	$ 1,761,272	$ 513,903	$ 2,012,712	$ 1,498,809

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COUNTY BOARD OF DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	$ 2,720,000	$ 2,720,000	$ 2,785,771	$ 65,771
Charges for services	126,000	126,000	122,129	(3,871)
Intergovernmental	769,033	769,033	1,413,412	644,379
Contributions and donations	-	-	13,847	13,847
Other	12,000	12,000	63,695	51,695
Total revenues	3,627,033	3,627,033	4,398,854	771,821
Expenditures:				
Current:				
Health	4,680,201	4,238,293	3,946,600	291,693
Total expenditures	4,680,201	4,238,293	3,946,600	291,693
Excess (deficiency) of revenues over (under) expenditures	(1,053,168)	(611,260)	452,254	1,063,514
Other financing sources:				
Transfers in	-	-	45,000	45,000
Total other financing sources	-	-	45,000	45,000
Net change in fund balance	(1,053,168)	(611,260)	497,254	1,108,514
Fund balance at beginning of year	4,616,678	4,616,678	4,616,678	-
Prior year encumbrances appropriated	602,555	602,555	602,555	-
Fund balance at end of year	$ 4,166,065	$ 4,607,973	$ 5,716,487	$ 1,108,514

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS ADVANCED AND BASIC LIFE SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 3,500,000	$ 3,500,000	$ 3,290,700	$ (209,300)
Charges for services	400,000	500,000	1,020,855	520,855
Intergovernmental	160,000	160,000	217,321	57,321
Other	-	-	5,240	5,240
Total revenues	4,060,000	4,160,000	4,534,116	374,116
Expenditures:				
Current:				
Public safety	4,095,124	4,527,038	4,282,699	244,339
Total expenditures	4,095,124	4,527,038	4,282,699	244,339
Net change in fund balance	(35,124)	(367,038)	251,417	618,455
Fund balance at beginning of year	372,620	372,620	372,620	-
Prior year encumbrances appropriated	139,590	139,590	139,590	-
Fund balance at end of year	$ 477,086	$ 145,172	$ 763,627	$ 618,455

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	$ 1,911,204	$ 483,293	$ 57,852	$ 2,452,349	$ 125,176
Cash with fiscal and escrow agents	-	-	1,822	1,822	-
Receivables:					
Accounts	340,947	66,978	4,831	412,756	23
Special assessments	22,314	330,872	-	353,186	-
Materials and supplies inventory	4,221	-	-	4,221	192
Prepayments	14,021	1,052	945	16,018	16,293
Total current assets	2,292,707	882,195	65,450	3,240,352	141,684
Noncurrent assets:					
Net pension asset	198	198	73	469	438
Capital assets:					
Depreciable capital assets, net	15,358,210	4,825,689	40,214	20,224,113	3,740
Total noncurrent assets	15,358,408	4,825,887	40,287	20,224,582	4,178
Total assets	17,651,115	5,708,082	105,737	23,464,934	145,862
Deferred outflows of resources:					
Pension-OPERS	65,951	65,951	24,211	156,113	145,987
Liabilities:					
Current liabilities:					
Accounts payable	268,558	47,788	12,176	328,522	3,753
Accrued wages and benefits	2,286	2,286	666	5,238	4,617
Due to other funds	1,748	1,747	156	3,651	67
Due to other governments	315	315	92	722	638
Accrued interest payable	422	77	-	499	-
Compensated absences payable - current	21,106	21,106	-	42,212	11,264
Special assessment bonds payable	740	47,984	-	48,724	-
OWDA loans payable	66,217	12,188	-	78,405	-
Other loans payable	17,811	-	-	17,811	-
Total current liabilities	379,203	133,491	13,090	525,784	20,339
Long-term liabilities:					
Compensated absences payable	6,943	6,943	-	13,886	4,437
Special assessment bonds payable	8,584	57,019	-	65,603	-
OWDA loans payable	1,556,078	126,129	-	1,682,207	-
Other loans payable	98,612	-	-	98,612	-
Net pension liability	169,330	169,330	62,164	400,824	374,824
Total long-term liabilities	1,839,547	359,421	62,164	2,261,132	379,261
Total liabilities	2,218,750	492,912	75,254	2,786,916	399,600
Deferred inflows of resources:					
Pension-OPERS	2,667	2,667	1,288	6,622	7,181
Net position:					
Net investment in capital assets	13,610,757	4,640,496	40,214	18,291,467	3,740
Unrestricted (deficit)	1,884,892	637,958	13,192	2,536,042	(118,672)
Total net position	$ 15,495,649	$ 5,278,454	$ 53,406	$ 20,827,509	$ (114,932)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	**Sewer**	**Nonmajor Enterprise Funds**	**Total**	
Operating revenues:					
Charges for services	$ 3,718,269	$ 456,225	$ 249,237	$ 4,423,731	$ 503,108
Tap-in fees.	90	90	-	180	-
Other operating revenues	49,004	164	-	49,168	23
Total operating revenues.	3,767,363	456,479	249,237	4,473,079	503,131
Operating expenses:					
Personal services	167,889	166,089	52,949	386,927	360,593
Contract services.	3,285,140	267,180	249,321	3,801,641	-
Materials and supplies.	6,851	11,924	2,859	21,634	159,789
Administrative costs.	6,339	6,339	-	12,678	798
Depreciation.	489,852	168,775	4,055	662,682	930
Other	73,558	2,308	3,549	79,415	648
Total operating expenses.	4,029,629	622,615	312,733	4,964,977	522,758
Operating loss	(262,266)	(166,136)	(63,496)	(491,898)	(19,627)
Nonoperating expenses:					
Interest and fiscal charges	(5,198)	(7,203)	-	(12,401)	-
Total nonoperating expenses.	(5,198)	(7,203)	-	(12,401)	-
Loss before transfers	(267,464)	(173,339)	(63,496)	(504,299)	(19,627)
Transfer in	-	638	85,000	85,638	-
Change in net position	(267,464)	(172,701)	21,504	(418,661)	(19,627)
Net position (deficit) at beginning of year .	15,763,113	5,451,155	31,902	21,246,170	(95,305)
Net position (deficit) at end of year	$ 15,495,649	$ 5,278,454	$ 53,406	20,827,509	$ (114,932)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:					
Cash received from tap-in fees	$ 90	$ 90	$ -	$ 180	$ -
Cash received from charges for services	3,700,192	499,998	247,916	4,448,106	503,108
Cash received from other operations	46,372	164	-	46,536	-
Cash payments for personal services	(144,353)	(144,354)	(44,741)	(333,448)	(308,309)
Cash payments for contractual services	(3,267,094)	(288,878)	(252,339)	(3,808,311)	-
Cash payments for materials and supplies	(7,222)	(10,879)	(2,778)	(20,879)	(164,879)
Cash payments for administrative costs	(5,735)	(5,735)	-	(11,470)	(731)
Cash payments for other expenses	(120,186)	(2,553)	(3,576)	(126,315)	(480)
Net cash provided by (used in) operating activities	202,064	47,853	(55,518)	194,399	28,709
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	638	85,000	85,638	-
Net cash provided by noncapital financing activities	-	638	85,000	85,638	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(12,675)	(12,675)	-	(25,350)	-
Principal retirement on bonds	(672)	(42,604)	-	(43,276)	-
Principal retirement on loans	(83,438)	(12,188)	-	(95,626)	-
Interest and fiscal charges	(4,859)	(7,718)	-	(12,577)	-
Net cash used in capital and related financing activities	(101,644)	(75,185)	-	(176,829)	-
Net increase (decrease) in cash and investments	100,420	(26,694)	29,482	103,208	28,709
Cash and investments at beginning of year	1,810,784	509,987	30,192	2,350,963	96,467
Cash and investments at end of year	$ 1,911,204	$ 483,293	$ 59,674	$ 2,454,171	$ 125,176

- - Continued

FULTON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Reconciliation of operating loss to net cash provided (used in) by operating activities:					
Operating loss	$ (262,266)	$ (166,136)	$ (63,496)	$ (491,898)	$ (19,627)
Adjustments:					
Depreciation	489,852	168,775	4,055	662,682	930
Changes in assets and liabilities:					
Increase in materials and supplies inventory	-	-	-	-	(14)
Increase in accounts receivable	(26,110)	(3,386)	(1,321)	(30,817)	(23)
Decrease in special assessment receivable	5,401	47,159	-	52,560	-
Decrease in net pension asset	51	51	19	121	118
Increase in deferred outflows - pension - OPERS	(14,705)	(14,705)	(5,221)	(34,631)	(31,615)
Increase in prepayments	(11,646)	(895)	(611)	(13,152)	(7,618)
Increase (decrease) in accounts payable	(16,114)	(21,103)	(2,404)	(39,621)	2,712
Increase in accrued wages and benefits	329	329	103	761	114
Increase in intergovernmental payable	45	45	14	104	17
Increase in net pension liability	37,016	37,016	13,133	87,165	79,523
Increase (decrease) in deferred inflows - pension - OPERS	(385)	(385)	157	(613)	369
Increase in compensated absences payable	333	333	-	666	3,756
Increase in due to other funds	263	755	54	1,072	67
Net cash provided (used in) by operating activities	$ 202,064	$ 47,853	$ (55,518)	$ 194,399	$ 28,709

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2017

		Agency
Assets:		
Equity in pooled cash		
and investments	$	6,762,576
Cash in segregated accounts.		209,297
Receivables:		
Real estate and other taxes.		45,609,021
Due from other governments.		1,624,350
Special assessments.		3,677,992
Deferred special assessments.		1,263,107
Total assets	$	59,146,343
Liabilities:		
Deposits held and due to others.	$	6,762,576
Due to other governments.		51,120,660
Deferred loan payments.		1,263,107
Total liabilities	$	59,146,343

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE COUNTY

Fulton County, Ohio (the "County") was created in 1850. 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, common pleas court judge, a probate court judge and two county municipal court judges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) 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

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore, the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County treasury are included in the agency funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fulton County Board of Health - The five member Board of Health is appointed by the District Advisory Council, which is comprised of township trustee chairmen and clerks and mayors of participating municipalities. The Board of Health adopts its own budget and operates autonomously from the County.

Soil and Water Conservation District - The five members of the District are independently elected officials. They adopt their own budget and operate autonomously from the County.

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization - The County is a member of the Maumee Valley Planning Organization (MVPO) which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2017, the County paid per capita charges of $30,582 to MVPO.

JOINT VENTURES WITHOUT EQUITY INTEREST

Corrections Center of Northwest Ohio - The County is a member of Northwest Ohio's Multicounty - Municipal Correctional Center (CCNO), which is a joint venture between Defiance, Fulton, Henry, Lucas and Williams counties and the City of Toledo. The purpose of the CCNO is to provide additional jail space for convicted criminals in the five counties and City of Toledo and to provide a correctional center for the inmates. The CCNO joint venture was created in 1986, construction was finished and occupancy was taken December 31, 1996.

The CCNO is governed by a commission team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2017 were $1,427,630. Complete financial statements for the CCNO can be obtained from the CCNO's administrative office on County Road 24 in Stryker, Ohio.

The Multi-Area Task Force (Task Force) – is a joint venture among Defiance, Williams, Fulton, and Putnam counties and Defiance and Bryan City. The Task Force is jointly controlled by the chief law enforcement officer of each respective entity. The main source of revenue for the Task Force is from federal grants and local matching funds from the entities. The County has no ongoing financial interest or responsibility for the Task Force. In 2017, the County contributed $0 to the Task Force's operations. Information can be obtained from the Defiance County Sheriff's Office, 113 Beide Street, Defiance, Ohio 43512.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Regional Planning Commission - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Fulton County Regional Planning Commission (the "Commission"). The Commission's duties are to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, services, and other aspects of the County.

The entities within the Commission pay an annual assessment to the Commission based on census figures. The County's assessments are a match to the total assessment on the members. The financial statements of the Commission can be reviewed at the Fulton County Courthouse, Wauseon.

Quadco Rehabilitation Center - The County is a participant with Henry, Defiance, and Williams Counties in a joint venture to operate Quadco Rehabilitation Center, Administrative Board (Quadco). Quadco, a nonprofit corporation, provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization.

Quadco is governed by an eight member Board composed of two appointees made by each of the four County Boards of Developmental Disabilities (County Boards of DD). This Board in conjunction with the County Boards of DD assesses the need of the adult developmentally disabled residents in each County and sets priorities based on available funds. The County provides subsidies to Quadco based on units of service provided to it. For the year ended December 31, 2017 the County remitted $0 to Quadco to supplement its operations.

The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. On dissolution of Quadco, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Quadco's administrative office at 427 N. Fulton Street, Stryker, Ohio.

Four County Solid Waste District - The County is a member of the Four County Solid Waste District (District), which is a joint venture between Fulton, Defiance, Paulding, and Williams counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District is governed and operated through a twelve member Board of Directors, comprised of three commissioners from each county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste.

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2017. Grant monies received by the County from the District are reported in a special revenue fund.

Community Improvement Corporation of Fulton County - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Community Improvement Corporation (CIC) of Fulton County. The CIC's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the County and the surrounding territory.

The CIC is governed by a board of twenty-three trustees. Four of these trustees are elected and appointed officials of Fulton County, with the remaining trustees consisting of officials from the various municipalities, townships and villages represented, as well as four at-large members from local businesses which have an interest in economic development. The County's degree of control over the board is limited to its representation on the board.

Northwest Ohio Juvenile Detention, Training, and Rehabilitation District - The County is a participant with Defiance, Henry, and Williams Counties in a joint venture to operate the Northwest Juvenile Detention, Training, and Rehabilitation District (NWOJDD), established to operate both detention and training and rehabilitation facilities for juveniles.

NWOJDD is governed and operated by a thirteen member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted $251,396 to NWOJDD in 2017.

Four County Board of Alcohol, Drug Addiction and Mental Health Services - The Four County Board of Alcohol, Drug Addiction and Mental Health Services (the "Board") is a joint venture between Fulton, Defiance, Henry, and Williams Counties. The purpose of this board is to provide alcohol, drug addiction, and mental health services to individuals in the four counties.

The Four County Board is governed by a Board consisting of eighteen members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services and by the Ohio Department of Mental Health, three each are appointed by the Defiance and Fulton County Commissioners, and two each are appointed by the Henry and Williams County Commissioners.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The main sources of revenue of the Board are State and federal grants, and a property tax levy covering the entire four county areas. Outside agencies are contracted by the Board to provide services for the Board. The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. The County does have indirect access to the net resources of the Board. In the event the County withdrew from the Board it would be entitled to a share of the state and federal grants that is currently being received by the Board. This access to net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for the Board can be obtained from the Board at its offices located at State Route 66 at State Route 34, Archbold, Ohio.

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 activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

General fund - 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.

Motor Vehicle and Gas Tax - This fund accounts for revenues derived from motor vehicle licenses, and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

County Board of Developmental Disabilities (County Board of 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.

EMS Advanced and Basic Life Services - This fund accounts for a property tax levy, charges for services and cost of services related to the emergency medical services provided by the County.

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

Enterprise Funds - 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 presented the following major enterprise funds:

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are financed primarily through user charges.

Water - This fund accounts for revenues and expenses associated with water services provided from the County to individual and commercial users. The costs of providing these services are financed primarily through user charges.

The other enterprise funds of the County are used to account for the solid waste incinerator and recycling activities. These funds are nonmajor funds whose activities have been aggregated and presented in a single column in the BFS.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds primarily account for geographic information systems services provided to various departments of the County.

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 only fiduciary funds are agency funds. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and for forfeitures collected and distributed to other political subdivisions.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all 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, current deferred outflows, current liabilities and current 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 fund types 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 net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary funds.

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 full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of 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. 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 Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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, See Note 15 for deferred outflows of resources related the County's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes 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 of resources on both the government-wide statement of net position and the 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, See Note 15 for deferred inflows of resources related to the County's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

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 County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, 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 County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate of estimated resources issued during 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 original and 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 re-appropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, 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 investments” on the basic financial statements.

During 2017, investments were limited to federal agency securities, corporate bonds, negotiable certificates of deposit, nonnegotiable certificates of deposit, commercial paper and U.S. Government money market mutual funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit 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 $390,259 which includes $287,367 assigned from other County funds.

The County has segregated bank accounts for monies held separately from the County’s central bank account. These depository accounts are presented on the basic 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 with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

H. Inventories of Materials and Supplies

On the 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On fund financial statements, reported material and supplies inventory is equally offset by nonspendable 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.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective 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 fair market values as of the date received. The County maintains a capitalization threshold of $2,500. The County’s infrastructure consists of roads, bridges, culverts and water 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	10 - 20 years	-
Buildings and improvements	20 - 40 years	20 - 40 years
Machinery and equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 20 years	5 years
Sewer lines/water lines	-	50 years
Infrastructure	20 - 50 years	20 - 50 years

Interest is capitalized on proprietary fund capital assets acquired with tax-exempt debt. 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.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2017, the net interest expense incurred on proprietary fund construction projects was not material.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is 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 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

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 "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.

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.

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes, capital leases and long-term loans are recognized as a liability in the fund financial statements when due.

M. Interfund Transactions

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

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.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” for long-term loans and “interfund loans receivable/ payable” for short-term loans. All other outstanding balances outstanding between funds are reported as “due to/from other funds.” These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the governmental fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

N. 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the 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.

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.

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.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the water, sewer, solid waste incinerator, recycling and geographic information systems programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2017, the proprietary funds received no contributions.

Q. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position component “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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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. At December 31, 2017, there was no net position restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

R. 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 management and are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2017.

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. 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.

U. Fair Value Measurements

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2017, the County has implemented 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. 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the County.

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

B. Deficit Fund Balances

Fund balances at December 31, 2017 included the following individual fund deficits:

Nonmajor governmental funds	Deficit
Ditch bond retirement	$ 17,770
Fulton County landfill	14,763
Ditch rotary	137,239
Internal service funds	
Geographic information system	61,381
Loss control fund	53,551

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested 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 and 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, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;

5. No-load money market mutual funds consisting exclusively of obligations described in items (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;

6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 twenty-five percent of the County’s total average portfolio.

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

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 County Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, the County had $237,098 cash and cash equivalents deposited separate from the County’s internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2017, the carrying amount of all County deposits was $13,484,805. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2017, $2,554,247 of the County's bank balance of $14,077,360 was exposed to custodial risk as discussed below, while $11,523,113 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

C. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FHLMC	$ 10,904,664	$ -	$ -	$ -	$ 1,828,302	$ 9,076,362
FHLB	2,447,715	-	-	-	-	2,447,715
FFCB	3,078,568	-	-	-	-	3,078,568
FNMA	3,731,926	-	497,055	-	740,595	2,494,276
Negotiable CD's	5,143,020	-	1,984,219	-	-	3,158,801
Commercial paper	4,400,531	3,906,814	493,717	-	-	-
Corporate note	499,900	499,900	-	-	-	-
U.S. Government money market	5,240	5,240	-	-	-	-
Total	$ 30,211,564	$ 4,411,954	$ 2,974,991	$ -	$ 2,568,897	$ 20,255,722

The weighted average maturity of investments is 2.65 years.

The County's investments in federal agency securities and negotiable certificates of deposit are valued using quoted market prices (Level 2 inputs).

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 U.S. Government money market funds carry a rating of AAAm by Standard & Poor's. The County's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investments in Wells Fargo corporate notes were rated Aa2 by Moody's Investor Services. The County's investments in negotiable certificates of deposit, commercial paper and U.S. government money market were not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured and unregistered. The County has no investment policy dealing with investments custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

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

Measurement/ Investment type	Measurement Amount	% of total
Fair value:		
FHLMC	$ 10,904,664	36.10%
FHLB	2,447,715	8.10%
FFCB	3,078,568	10.19%
FNMA	3,731,926	12.35%
Negotiable CD's	5,143,020	17.02%
Commercial paper	4,400,531	14.57%
Corporate note	499,900	1.65%
U.S. Government money market	5,240	0.02%
Total	$ 30,211,564	100.00%

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 13,484,805
Investments	30,211,564
Total	$ 43,696,369
Cash and investments per statement of net position	
Governmental activities	$ 34,270,325
Business-type activities	2,454,171
Agency funds	6,971,873
Total	$ 43,696,369

NOTE 5 - INTERFUND TRANSACTIONS

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

Transfers to nonmajor governmental funds from:	
General fund	$ 424,866
Nonmajor governmental fund	63,000
Transfers to County Board of DD fund from:	
Nonmajor governmental fund	45,000
Transfers to Motor Vehicle and Gas Tax fund from:	
Nonmajor governmental fund	86,884
Transfers to general fund from:	
Nonmajor governmental fund	250,000
Transfers to enterprise funds from:	
General fund	85,638
Total transfers	$ 955,388

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the statement of activities.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Long-term advances to and from other funds at December 31, 2017, consisted of the following, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General Fund	Nonmajor Governmental Funds	$ 40,473

The balance in the general fund represents amounts due from other funds that are not expected to be repaid within the next fiscal year.

Long-term advances between governmental funds are eliminated on the statement of net position.

C. Due to/from other funds consisted of the following at December 31, 2017, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General fund	EMS A&B	901
General fund	Nonmajor governmental funds	31,892
General fund	Water	1,748
General fund	Sewer	1,747
General fund	Nonmajor enterprise funds	156
General fund	Internal service funds	67
Nonmajor governmental funds	General fund	35,843
Nonmajor governmental funds	Nonmajor governmental funds	12,396
Total due to/from other funds		$ 84,750

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the statement of net position.

D. Interfund loans receivable/payable consisted of the following at December 31, 2017 as reported on the fund statement:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental fund	$ 200,000

Interfund loans between governmental funds are eliminated on the statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property 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 became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically to the taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2017 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2017 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all County operations for the year ended December 31, 2017 was $12.80 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

Real property		
Residential/agricultural	$	834,755,190
Commercial/industrial/mineral		137,011,280
Public utility		
Real/Personal		53,366,330
Total assessed value	$	1,025,132,800

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners by resolution imposed a 0.5% tax on all retail sales made in the County, including sales of motor vehicles, and on storage, use, or consumption in the County of tangible personal property, including automobiles not subject to the sales tax. In 1987, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.0%. In 2009, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.5%.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the taxes to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent they are intended to finance the 2017 operations. Sales tax revenue for 2017 amounted to $8,488,628.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2017, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2017.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Sales taxes	$ 2,033,290
Property taxes	10,192,210
Accounts	308,149
Due from other governments	4,336,453
Special assessments	580,798
Accrued interest	167,019
Business-type activities:	
Accounts	412,756
Special assessments	353,186

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the special assessments which are collected over the life of the assessment.

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2017 is as follows:

	Balance at 12/31/2016	Issued/ Additions	Payments/ Reductions	Balance at 12/31/2017
Revolving loans	$ 231,311	$ 125,000	$ (25,420)	$ 330,891
Allowance for doubtful accounts	(137,035)	-	-	(137,035)
Revolving loans, net	$ 94,276	$ 125,000	$ (25,420)	$ 193,856

The loans are reported in the nonmajor governmental funds.

NOTE 10 - CAPITAL ASSETS

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

	Balance 12/31/16	Additions	Deductions	Balance 12/31/17
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,011,931	$ -	$ -	$ 1,011,931
Construction in progress	1,742,367	2,949,404	(3,478,364)	1,213,407
Total capital assets not being depreciated	2,754,298	2,949,404	(3,478,364)	2,225,338
Capital assets being depreciated:				
Land improvements	4,222,834	72,188	-	4,295,022
Buildings and improvements	25,728,442	3,559,541	-	29,287,983
Machinery and equipment	7,107,385	317,072	(11,510)	7,412,947
Vehicles	6,900,409	579,724	(160,264)	7,319,869
Infrastructure	59,178,641	2,794,521	-	61,973,162
Total capital assets being depreciated	103,137,711	7,323,046	(171,774)	110,288,983
Less: accumulated depreciation:				
Land improvements	(3,616,596)	(94,486)	-	(3,711,082)
Buildings and improvements	(11,637,050)	(786,152)	-	(12,423,202)
Machinery and equipment	(4,897,745)	(406,368)	11,510	(5,292,603)
Vehicles	(2,812,111)	(378,833)	133,824	(3,057,120)
Infrastructure	(32,166,513)	(2,144,472)	-	(34,310,985)
Total accumulated depreciation	(55,130,015)	(3,810,311)	145,334	(58,794,992)
Total capital assets being depreciated, net	48,007,696	3,512,735	(26,440)	51,493,991
Governmental activities capital assets, net	$ 50,761,994	$ 6,462,139	$ (3,504,804)	$ 53,719,329

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital assets of the business-type activities for the year ended December 31, 2017, was as follows:

	Balance 12/31/16	Additions	Deductions	Balance 12/31/17
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	$ 69,416	$ -	$ -	$ 69,416
Machinery and equipment	264,545	-	-	264,545
Vehicles	33,897	25,350	-	59,247
Waterlines/sewerlines	32,744,759	-	-	32,744,759
Total capital assets being depreciated	33,112,617	25,350	-	33,137,967
Less: accumulated depreciation:				
Buildings and improvements	(57,266)	(1,735)	-	(59,001)
Machinery and equipment	(227,062)	(4,813)	-	(231,875)
Vehicles	(8,475)	(5,926)	-	(14,401)
Waterlines/sewerlines	(11,958,369)	(650,208)	-	(12,608,577)
Total accumulated depreciation	(12,251,172)	(662,682)	-	(12,913,854)
Total capital assets being depreciated, net	$ 20,861,445	$ (637,332)	$ -	$ 20,224,113

B. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Legislative and executive	$ 347,391
Judicial	160,151
Public safety	288,449
Public works	2,504,043
Health	256,701
Human services	152,116
Economic development	8,333
Intergovernmental	92,197
Depreciation of internal service fund capital assets	930
Total depreciation expense - governmental activities	$ 3,810,311
Business-type activities:	
Water	$ 489,852
Sewer	168,775
Nonmajor	4,055
Total depreciation expense - business-type activities	$ 662,682

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County entered into capital lease agreements for the acquisition of office equipment and copier equipment. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of copier equipment has been capitalized in the amount of $47,846. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2017 was $40,481, leaving a current book value of $7,365. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments made in 2017 totaled $2,914, and $422, respectively.

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

Year Ending December 31,	Amount
2018	$ 3,336
2019	3,336
2020	556
Total future minimum lease payments	7,228
Less: amount representing interest	(391)
Present value of net minimum lease payments	$ 6,837

NOTE 12 - COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard workweek. Current policies credit vacation leave on a pay period basis except for new employees who are required to complete one year of service prior to their accrual becoming available. Employees, per department policy, may also accrue compensatory time for hours worked in excess of regular work week. County employees are paid for earned, unused vacation leave upon termination of employment. Unused compensatory time may, depending on departmental policy, be paid at termination of service.

Upon retirement, all employees are paid their accumulated, unused sick leave per Ohio Revised Code Section 124.39(B). Each employee of the County with ten or more years of service with any Ohio local government or the State of Ohio is paid 25% of his or her accumulated unused sick leave, up to a maximum of 30 days upon retirement from the County, with the exception of the County Engineer Department highway workers who are paid 33% of the accumulated unused sick leave, up to maximum of 30 days upon retirement from the County.

NOTE 12 - COMPENSATED ABSENCES - (Continued)

At December 31, 2017, vested benefits for vacation leave for governmental activities employees totaled $637,320 and vested benefits for sick leave totaled $105,583. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. There was no current liability reported for governmental activities sick leave at December 31, 2017. For business-type activities, vested benefits for vacation leave totaled $42,212 and vested benefits for sick leave totaled zero. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of $177,445 for governmental activities employees and $13,886 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

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NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

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

	Issue Date	Maturity Date	Balance 12/31/16	Additions	Reductions	Balance 12/31/17	Amount Due in One Year
Governmental activities:							
Special assessment bonds:							
Ditch Bond, Series 2014	5/08/14	12/1/20	$ 85,000	$ -	$ (20,000)	$ 65,000	$ 20,000
Total special assessment bonds			85,000	-	(20,000)	65,000	20,000
General obligation notes:							
Fulton County							
solid waste building	1/10/03	12/1/17	31,562	-	(31,562)	-	-
Total general obligation notes			31,562	-	(31,562)	-	-
General obligation bonds:							
Various purposes	8/30/07	8/15/17	35,000	-	(35,000)	-	-
Various purposes	8/30/07	8/15/17	75,000	-	(75,000)	-	-
Total general obligation bonds			110,000	-	(110,000)	-	-
OPWC loans payable:							
Issue II Loan - Co Rd C Project	12/01/06	01/01/27	47,625	-	(4,762)	42,863	4,763
Issue II Loan - Co Rd 14 Project	12/01/06	01/01/27	41,335	-	(4,134)	37,201	4,133
Issue II Loan - Co Rd C Reconstruct.	01/01/07	01/01/28	13,750	-	(1,250)	12,500	1,250
Issue II Loan - Co Rd A Project	01/01/07	07/01/18	24,596	-	(16,397)	8,199	8,199
Issue II Loan - Rd 20 Resurfacing	12/1/09	07/01/19	33,904	-	(13,561)	20,343	13,562
Issue II Loan - County Rd B	10/22/10	01/01/21	111,621	-	(27,905)	83,716	27,906
Issue II Loan - Co Rd D Resurfacing	7/22/11	01/01/22	155,077	-	(31,015)	124,062	31,016
Issue II Loan - Bridge T64.9 replace	10/5/12	07/01/32	97,189	-	(6,270)	90,919	6,270
Issue II Loan - Bridge 26 D5 replace	9/15/15	01/01/36	149,392	-	(7,863)	141,529	7,863
Issue II Loan - Bridge 26 D5 replace	9/15/16	01/01/37	76,477	98,523	(4,375)	170,625	8,750
Issue II Loan - Road M Construction			-	175,000	(4,375)	170,625	8,750
Total OPWC Loans			750,966	273,523	(121,907)	902,582	122,462
Other long-term obligations							
Capital lease obligations			9,751	-	(2,914)	6,837	3,064
Net pension liability			15,583,335	3,934,254	(276,883)	19,240,706	-
Compensated absences			932,001	651,694	(663,347)	920,348	646,396
Total other long-term obligations			16,525,087	4,585,948	(943,144)	20,167,891	649,460
Total governmental activities long-term liabilities			$ 17,502,615	$ 4,859,471	$ (1,226,613)	$ 21,135,473	$ 791,922

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Net pension liability: See Note 15 for more details.

Special assessment bonds: The special assessment bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners from nonmajor governmental funds.

General obligation bonds: On August 30, 2007 the County issued two general obligation bonds for various purposes in the amount of $915,000. These bonds bear an interest rate of 4.05% and are supported by the full faith and credit of the County. Repayment will be made with tax levy revenues in the nonmajor governmental funds. These bonds were retired in 2017.

General obligation notes: The County issued general obligation notes on January 10, 2003, for the purpose of acquiring and improving a facility to be used as a solid waste/recycling transfer station and acquiring equipment for operation. The notes have been issued in three series - the first series for $91,000 had an interest rate of 4.40% and matured December 1, 2007; the second series for $115,000 has an interest rate of 4.65% and matured on December 1, 2012; and the third series for $144,000 has an interest rate of 4.80% and matured on December 1, 2017. Payments are made from nonmajor governmental funds. These notes were retired in 2017.

OPWC loans payable: The Ohio Public Works Commission (OPWC) loans were issued on December 1, 2006, January 1, 2007, July 24, 2008, June 22, 2009, October 22, 2010, July 22, 2011, October 5, 2012, September 15, 2015 and July 1, 2016 to provide for improvements to County Road C, County Road 14, County Road A, County Road 20, County Road B, County Road D, Bridge T64.9, Bridge 26 D5, Bridge M23.9, Bridge B8.7 and Road M. These loans bear no interest rate as long as the County remains current on its payments. The OPWC loan proceeds are recorded in a nonmajor governmental fund and OPWC loan payments are recorded in the motor vehicle and gas tax fund.

Capital lease obligation: The County has entered into capital lease obligations for the purchase of office and copier equipment. Principal payments on these obligations are reported in the general fund and in nonmajor governmental funds. The capital lease obligation is further described in Note 11.

Compensated absences: Compensated absences represent amounts for which the County could potentially be liable on eligible employees. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the funds from which the employees' salaries are paid, which are primarily the general, motor vehicle and gas tax, and County Board of DD funds. Compensated absences are further described in Note 12.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the County's future annual debt service principal and interest requirements for general obligation bonds, special assessment bonds and OWDA loans:

	OPWC Loans			Special Assessment Bonds		
Year Ending	Principal	Interest	Total	Principal	Interest	Total
2018	$ 122,462	$ -	$ 122,462	$ 20,000	$ 3,022	$ 23,022
2019	107,480	-	107,480	20,000	2,093	22,093
2020	100,700	-	100,700	25,000	1,162	26,162
2021	72,794	-	72,794	-	-	-
2022	41,780	-	41,780	-	-	-
2023 - 2027	199,998	-	199,998	-	-	-
2028 - 2032	155,030	-	155,030	-	-	-
2033 - 2037	102,338	-	102,338	-	-	-
Total	$ 902,582	$ -	$ 902,582	$ 65,000	$ 6,277	$ 71,277

B. The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was $24,128,320 at December 31, 2017 and the unvoted legal debt margin was $10,251,328 at December 31, 2017.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities

During 2017, the following changes occurred in the County's business-type long-term obligations.

	Issue Date	Maturity Date	Balance 12/31/16	Additions	Reductions	Balance 12/31/17	Amount Due in One Year
Business-type activities:							
OWDA loans:							
NE Fulton County Water Supply	2010	2042	$ 1,688,511	$ -	$ (66,216)	$ 1,622,295	$ 66,217
Riviera Mobile Home Court sewer	2011	2031	24,625	-	(1,698)	22,927	1,698
Wastewater collection/treatment	2007	2028	125,880	-	(10,490)	115,390	10,490
Total OWDA loans			1,839,016	-	(78,404)	1,760,612	78,405
Special assessment bonds:							
Waterline extension assessment	6/15/06	6/15/26	9,996	-	(672)	9,324	740
Exit 3 sewer improvement	1/13/99	12/1/18	75,000	-	(35,000)	40,000	40,000
Industrial corridor sewer district	12/23/04	12/1/24	72,607	-	(7,604)	65,003	7,984
Total special assessment bonds			157,603	-	(43,276)	114,327	48,724
Other long-term obligations:							
Loan payable			133,645	-	(17,222)	116,423	17,811
Net pension liability			313,659	87,165	-	400,824	-
Compensated absences			55,432	18,157	(17,491)	56,098	42,212
Total other long-term obligations			502,736	105,322	(34,713)	573,345	60,023
Total business-type activities long-term liabilities			$ 2,499,355	$ 105,322	$ (156,393)	$ 2,448,284	$ 187,152

Ohio Water Development Authority Loan - 2007 Issue: During 2007, the County entered into a loan agreement with the OWDA for wastewater collection and treatment. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on July 1, 2028.

Ohio Water Development Authority Loan - 2010 Issue: During 2010, the County entered into a loan agreement with the OWDA for the Northeast Fulton County Water Supply project. Repayment of this loan is funded through user charges in the water fund. This loan is interest free with final maturity on January 1, 2042.

Ohio Water Development Authority Loan - 2011 Issue: During 2011, the County entered into a loan agreement with the OWDA for the Riviera Mobile Home Court Sanitary Sewer. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on January 1, 2031. Since no capital assets were purchased with this loan, it is not included in the calculation of "net investment in capital assets" in the sewer fund.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Special assessment bonds: On June 15, 2006, the County issued special assessment bonds which retired the bond anticipation note issued in 2005 for the waterline extension project. On December 23, 2004, the County issued special assessment bonds for the industrial corridor sewer project in the amount of $140,000. Other special assessments issued in prior years include the Pettisville waterline and Exit 3 sewer improvement projects. These bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners in the sewer fund. A portion of the capital assets associated with the Exit 3 sewer improvement bond are no longer reported as capital assets of the County, therefore, 88% of the balance of this loan is excluded from the County's calculation of "net investment in capital assets" for the sewer fund.

Loan payable: During 2002, Fulton County entered into an agreement with the City of Wauseon as a subrecipient of an OWDA loan to construct the Tedrow waterline. Repayment of this loan will be funded by user charges collected by the County. The loan bears an interest rate of 3.39% and will mature on January 1, 2024.

The following is a summary of the future debt service requirements of the business-type special assessment bonds and loans:

	Special Assessment Bonds			OWDA Loans		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2018	$ 48,724	$ 6,339	$ 55,063	$ 78,405	$ -	$ 78,405
2019	9,199	3,685	12,884	78,404	-	78,404
2020	9,701	3,182	12,883	78,405	-	78,405
2021	10,243	2,650	12,893	78,404	-	78,404
2022	10,796	2,088	12,884	78,404	-	78,404
2023 - 2027	25,664	2,577	28,241	392,021	-	392,021
2028 - 2032	-	-	-	347,516	-	347,516
2033 - 2037	-	-	-	331,081	-	331,081
2038 - 2042	-	-	-	297,972	-	297,972
Total	$ 114,327	$ 20,521	$ 134,848	$ 1,760,612	$ -	$ 1,760,612

	Loan Payable		
Year Ended	Principal	Interest	Total
2018	$ 17,811	$ 3,360	$ 21,171
2019	18,420	2,821	21,241
2020	19,049	2,264	21,313
2021	19,699	1,689	21,388
2022	20,374	1,091	21,465
2023	21,070	475	21,545
Total	$ 116,423	$ 11,700	$ 128,123

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

D. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The County has received an advance to meet the portion of the cost of extension of waterlines to be financed by assessments from which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The Board of County Commissioners is responsible for collecting the assessments upon expiration of the maximum time for which the deferments were made or when the property no longer meets the exemption criteria. This money must be remitted to the Ohio Sewer and Water Rotary Commission within one year. If the money is not collected and remitted within one year, the County is responsible for paying interest from the general fund.

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

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 the County Risk Sharing Authority Inc. (CORSA), which is a shared risk pool of sixty-one 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, law enforcement liability, crime and excess 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.

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The County obtains employee health, dental and vision coverage through the County Employee Benefits Consortium of Ohio, Inc. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. County Employee Benefits Consortium of Ohio

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. In 2017, the County contributed a total of $2,717,289 to the Consortium.

NOTE 14 - RISK MANAGEMENT - (Continued)

The business and affairs of the consortium are managed by a board of not less than nine of more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of member Counties and one third are employees of the member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the Board of Directors of the CCAO and another is required to be a Board Member of the County Risk Sharing Authority, Inc. (CORSA).

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset 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/asset 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/asset 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.

The 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 any net pension 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 or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than full-time police and firefighters, 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 Pension Plan.

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

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
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.

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1 percent to the member's FAS for the first 30 years of service.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

A factor of 1.25 percent is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1 percent to the member's FAS and the first 35 years of service and a factor of 1.25 percent is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3 percent COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

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

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $1,506,888 for 2017. Of this amount, $31,618 is reported as due to other governments.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the year ending December 31, 2017, the County rate was 14 percent and the plan members were also required to contribute 14 percent of annual covered salary. The statutory member contribution rate was increased 1 percent to 14 percent on July 1, 2016. The 2017 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was $37,560 for 2017. Of this amount, $745 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.09721400%	0.06460000%	0.06294900%	0.00305406%	
Proportion of the net pension liability/asset current measurement date	0.09392200%	0.04441900%	0.05611300%	0.00313785%	
Change in proportionate share	-0.00329200%	-0.02018100%	-0.00683600%	0.00008379%	
Proportionate share of the net pension liability	$ 18,896,127	$ -	$ -	$ 745,403	$ 19,641,530
Proportionate share of the net pension asset	-	(21,903)	(207)	-	(22,110)
Pension expense	3,941,798	15,824	255	(308,082)	3,649,795

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 25,612	$ -	$ 2,107	$ 28,783	$ 56,502
Net difference between projected and actual earnings on pension plan investments	2,814,068	5,345	179	-	2,819,592
Changes of assumptions	2,997,153	5,338	233	163,028	3,165,752
Changes in employer's proportionate percentage/ difference between employer contributions	2,802	-	-	11,519	14,321
County contributions subsequent to the measurement date	1,453,490	29,195	24,206	18,780	1,525,671
Total deferred outflows of resources	$ 7,293,125	$ 39,878	$ 26,725	$ 222,110	$ 7,581,838
Deferred inflows of resources					
Differences between expected and actual experience	$ 112,459	$ 11,201	$ -	$ 6,008	$ 129,668
Net difference between projected and actual earnings on pension plan investments	-	-	-	24,599	24,599
Changes in employer's proportionate percentage/ difference between employer contributions	241,837	-	-	15,573	257,410
Total deferred outflows of resources	$ 354,296	$ 11,201	$ -	$ 46,180	$ 411,677

$1,525,671 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2018.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Year Ending December 31:					
2018	$ 2,239,300	$ 1,037	$ 369	$ 31,106	$ 2,271,812
2019	2,337,170	1,037	369	64,565	2,403,141
2020	991,356	806	358	46,148	1,038,668
2021	(82,487)	(1,083)	291	15,333	(67,946)
2022	-	(887)	301	(2)	(588)
Thereafter	-	(1,428)	831	-	(597)
Total	$ 5,485,339	$ (518)	$ 2,519	$ 157,150	$ 5,644,490

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 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 experiencestudy 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 percent down to 7.5 percent, for the defined benefit investments, decreasing the wage inflation from 3.75 percent to 3.25 percent and changing the future salary increases from a range of 4.25 percent-10.05 percent to 3.25 percent-10.75 percent. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

During 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 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 with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	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	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.5 percent, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8 percent was used in the previous measurement period. 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 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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/asset calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 28,868,056	$ 18,896,128	$ 10,586,285
Combined Plan	1,574	(21,903)	(40,141)
Member-Directed Plan	497	(207)	(497)

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%
Projected salary increases	2.50% at age 65 to 12.50% at age 20
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Post-retirement mortality rates are based on 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; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016; and post-retirement disabled mortality rates are based on 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.

The 2016 year mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022–Scale AA) for Males and Females. Males' ages were set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 were set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study, effective July 1, 2017. As a result of the experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the COLA was reduced to zero, (b) inflation assumptions were lowered from 2.75% to 2.5 percent, (c) Investment return assumptions were lowered from 7.75 percent to 7.45 percent, (d) total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation, (e) payroll growth assumptions were lowered to 3 percent, (f) updated the health and disability mortality assumption to the "RP-2014" mortality tables with generational improvement scale MP-2016 and (g) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long Term Expected Real 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 Ohio's investment consultant indicated that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. A discount rate of 7.75 percent was used in the previous measurement period. 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 presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	1,068,510	745,403	473,234

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of July 1, 2016. The most significant changes are a reduction in the expected investment return to 7.45-percent from 7.75-percent and a change to updated generational mortality tables. Although the exact amount of these changes is not known, the impact to the County's net pension liability is expected to be significant.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43512-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed 14 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 for Member-Directed Plan participants for 2017 was 4 percent.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were $136,124, $248,255, and $205,203, respectively; 98.28 percent has been contributed for 2017 and 98.38 percent has been contributed for 2016 and 100 percent for 2016. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial 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 Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the years ended December 31, 2017, December 31, 2016, and December 31, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

NOTE 17 - 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, motor vehicle and gas tax fund, County Board of Developmental Disabilities (DD) fund and EMS Advance and Basic (A&B) Life Services fund 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);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(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) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

(e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

(f) 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

	General fund	Motor Vehicle Gas Tax	County Board of DD	EMS A&B Life Services
Budget basis	$ 1,088,055	$ (88,865)	$ 497,254	$ 251,417
Net adjustment for revenue accruals	(162,726)	(17,761)	19,061	(40,332)
Net adjustment for expenditure accruals	(24,269)	84,921	22,581	(23,490)
Net adjustment for other sources/uses	200,000	-	-	-
Funds budgeted elsewhere	561,662	-	-	-
Adjustment for encumbrances	307,076	114,904	55,938	84,502
GAAP basis	$ 1,969,798	$ 93,199	$ 594,834	$ 272,097

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the budget stabilization fund, the unclaimed hospital bond fund, the self insurance fund, unclaimed monies fund, the age 26-28 dependent fund, the title administration fund, the recorder equipment fund, rural fire protection fund and Medicaid transition aide fund.

NOTE 18 - 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. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of $5,200,000 in 1995 and $7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. In 2005, the special facility bonds were refunded and new bonds were issued in the amount of $28,500,000. In 2011 the special facility bonds were refunded and new bonds were issued in the amount of $28,755,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2017, $24,360,000 was still outstanding.

NOTE 20 - FEDERAL TRANSACTIONS

The Fulton County Department of Job and Family Services distributes federal food stamps to entitled recipients within Fulton County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

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NOTE 21 - 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:

Fund balance	General	Motor Vehicle Gas Tax	County Board of DD	EMS A & B Life Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	$ 73,463	$ 184,915	$ 726	$ -	$ 39,306	$ 298,410
Prepaids	45,798	5,723	19,614	1,280	51,916	124,331
Advances to other funds	40,473	-	-	-	-	40,473
Unclaimed hospital bond	40,262	-	-	-	-	40,262
Unclaimed monies	54,366	-	-	-	-	54,366
Total nonspendable	254,362	190,638	20,340	1,280	91,222	557,842
Restricted:						
Debt service	-	-	-	-	8,296	8,296
Capital improvements	-	-	-	-	441,798	441,798
Public works	-	2,677,982	-	-	158,518	2,836,500
Real estate assessment	-	-	-	-	1,127,781	1,127,781
Economic development	-	-	-	-	466,903	466,903
Public safety	-	-	-	1,185,622	1,797,725	2,983,347
WIA	-	-	-	-	79,278	79,278
Health programs	-	-	6,007,710	-	1,414,508	7,422,218
Human service programs	-	-	-	-	3,167,688	3,167,688
County court computer services	-	-	-	-	456,878	456,878
County court special projects	-	-	-	-	680,208	680,208
Other purposes	-	-	-	-	735,164	735,164
Total restricted	-	2,677,982	6,007,710	1,185,622	10,534,745	20,406,059
Committed:						
Capital improvements	-	-	-	-	2,495,742	2,495,742
Total committed	-	-	-	-	2,495,742	2,495,742
Assigned:						
Debt service	-	-	-	-	191	191
Capital improvements	-	-	-	-	985	985
Legislative and executive	89,008	-	-	-	-	89,008
Judicial	7,457	-	-	-	-	7,457
Public Safety Programs	129,469	-	-	-	-	129,469
Health	6,908	-	-	-	-	6,908
Human Services Programs	684	-	-	-	-	684
Capital Outlay	27,204	-	-	-	-	27,204
Subsequent year's appropriations	4,150,354	-	-	-	-	4,150,354
Stabilization	1,623,542	-	-	-	-	1,623,542
Other purposes	19,874	-	-	-	-	19,874
Total assigned	6,054,500	-	-	-	1,176	6,055,676
Unassigned (deficit)	7,617,917	-	-	-	(169,772)	7,448,145
Total fund balances	$ 13,926,779	$ 2,868,620	$ 6,028,050	$ 1,186,902	$ 12,953,113	$ 36,963,464

NOTE 22 - 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:

Fund	Year-End Encumbrances
General fund	$ 270,805
Motor vehicle and gas tax	50,278
County Board of DD	22,342
EMS A&B life services	78,780
Nonmajor governmental	1,043,343
Total	$ 1,465,548

NOTE 23 - TAX ABATEMENTS

As of December 31, 2017, the County provides tax abatements through two programs—Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

NOTE 23 - TAX ABATEMENTS - (Continued)

The County has entered into agreements to abate property taxes through these programs. During 2017, the County's property tax revenues were reduced as a result of these agreements as follows:

Tax Abatement Program	County Taxes Abated
CRA	$ 520,749
Ezone	109,298
Total	$ 630,047

FULTON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	2017	2016	2015	2014
Traditional Plan:				
County's proportion of the net pension liability	0.093922%	0.097214%	0.097169%	0.097169%
County's proportionate share of the net pension liability	$ 18,896,127	$ 14,874,708	$ 10,303,126	$ 10,070,412
County's covered payroll	$ 10,831,483	$ 10,390,575	$ 10,901,087	$ 11,735,615
County's proportionate share of the net pension liability as a percentage of its covered payroll	174.46%	143.16%	94.51%	85.81%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
Combined Plan:				
County's proportion of the net pension asset	0.044419%	0.064600%	0.065660%	0.065660%
County's proportionate share of the net pension asset	$ 21,903	$ 27,769	$ 22,226	$ 6,057
County's covered payroll	$ 172,900	$ 225,275	$ 240,013	$ 180,815
County's proportionate share of the net pension asset as a percentage of its covered payroll	12.67%	12.33%	9.26%	3.35%
Plan fiduciary net position as a percentage of the total pension asset	116.55%	116.90%	114.83%	104.56%
Member Directed Plan:				
County's proportion of the net pension asset	0.056113%	0.062949%	n/a	n/a
County's proportionate share of the net pension asset	$ 207	$ 214	n/a	n/a
County's covered payroll	$ 291,292	$ 344,467	n/a	n/a
County's proportionate share of the net pension asset as a percentage of its covered payroll	0.07%	0.06%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR YEARS

	2017	2016	2015	2014
County's proportion of the net pension liability	0.00313785%	0.00305406%	0.00308570%	0.00306584%
County's proportionate share of the net pension liability	$ 745,403	$ 1,022,286	$ 852,797	$ 745,718
County's covered payroll	$ 254,664	$ 258,779	$ 235,614	$ 240,023
County's proportionate share of the net pension liability as a percentage of its covered payroll	292.70%	395.04%	361.95%	310.69%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2017	2016	2015	2014
Traditional Plan:				
Contractually required contribution	$ 1,453,490	$ 1,299,778	$ 1,246,869	$ 1,308,130
Contributions in relation to the contractually required contribution	(1,453,490)	(1,299,778)	(1,246,869)	(1,308,130)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 11,180,692	$ 10,831,483	$ 10,390,575	$ 10,901,083
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 29,195	$ 20,748	$ 27,033	$ 28,802
Contributions in relation to the contractually required contribution	(29,195)	(20,748)	(27,033)	(28,802)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 224,577	$ 172,900	$ 225,275	$ 240,017
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

Note: Information prior to 2010 for the Combined Plan was unavailable.

	2017	2016	2015
Member Directed Plan:			
Contractually required contribution	$ 24,206	$ 34,955	$ 41,336
Contributions in relation to the contractually required contribution	(24,206)	(34,955)	(41,336)
Contribution deficiency (excess)	$ -	$ -	$ -
County's covered payroll	$ 242,060	$ 291,292	$ 344,467
Contributions as a percentage of covered payroll	10.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2013	2012	2011	2010	2009	2008
$ 1,525,630	$ 1,150,880	$ 1,172,960	$ 1,003,449	$ 954,696	$ 819,610
(1,525,630)	(1,150,880)	(1,172,960)	(1,003,449)	(954,696)	(819,610)
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,735,615	$ 11,508,800	$ 11,729,600	$ 11,253,634	$ 11,750,105	$ 11,708,714
13.00%	10.00%	10.00%	8.92%	8.13%	7.00%
$ 23,506	$ 10,054	$ 6,306	$ 12,275		
(23,506)	(10,054)	(6,306)	(12,275)		
$ -	$ -	$ -	$ -		
$ 180,815	$ 126,465	$ 79,321	$ 126,721		
13.00%	7.95%	7.95%	9.69%		

FULTON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 37,560	$ 35,653	$ 36,229	$ 32,986
Contributions in relation to the contractually required contribution	(37,560)	(35,653)	(36,229)	(32,986)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 268,286	$ 254,664	$ 258,779	$ 253,738
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2013		2012		2011		2010		2009		2008	
$	31,203	$	30,744	$	30,773	$	29,830	$	29,259	$	29,017
	(31,203)		(30,744)		(30,773)		(29,830)		(29,259)		(29,017)
$	-	$	-	$	-	$	-	$	-	$	-
$	240,023	$	236,492	$	236,715	$	229,462	$	225,069	$	223,208
	13.00%		13.00%		13.00%		13.00%		13.00%		13.00%

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8 percent down to 7.5 percent, (b) for defined benefit investments, decreasing the wage inflation from 3.75 percent to 3.25 percent and (c) changing the future salary increases from a range of 4.25 percent -10.05 percent to 3.25 percent -10.75 percent.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2016. For 2017, the Cost of Living Adjustment (COLA) was reduced to 0 percent effective July 1, 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the COLA was reduced to zero, (b) inflation assumptions were lowered from 2.75 percent to 2.5 percent, (c) Investment return assumptions were lowered from 7.75 percent to 7.45 percent, (d) total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation, (e) payroll growth assumptions were lowered to 3 percent, (f) updated the health and disability mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016 and (g) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

FEDERAL GRANTOR ***Pass-through Grantor*** Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Entity Identifying	Passed Through to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Ohio Department of Development Services Agency				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Formula Grants	14.228	B-F-15-1AX-1		$ 106,000
Formula Grants	14.228	B-D-15-1AX-1		200,000
Total U.S. Department of Housing and Urban Development				**306,000**
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Ohio Department of Job and Family Services				
Promoting Safe and Stable Families	93.556	G-1617-11-5512 / G-1819-11-5739		9,720
Temporary Assistance for Needy Families Cluster				
Temporary Assistance for Needy Families	93.558	G-1617-11-5512 / G-1819-11-5739	$ 139,423	1,049,844
Child Support Enforcement	93.563	G-1617-11-5512 / G-1819-11-5739		533,072
Child Care and Development Fund Cluster				
Child Care and Development Block Grant	93.575	G-1617-11-5512 / G-1819-11-5739	36,207	36,207
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5512 / G-1819-11-5739		20,785
Foster Care Title IV-E	93.658	G-1617-11-5512 / G-1819-11-5739		118,555
Adoption Assistance	93.659	G-1617-11-5512 / G-1819-11-5739		27,097
Social Services Block Grant	93.667	G-1617-11-5512 / G-1819-11-5739		437,975
Medicaid Cluster				
Medical Assistance Program	93.778	G-1617-11-5512 / G-1819-11-5739		364,897
Chafee Foster Care Independence Program	93.674	G-1617-11-5512 / G-1819-11-5739		2,818
Children's Health Insurance Program	93.767	G-1617-11-5512 / G-1819-11-5739		5,957
Total passed through Ohio Department of Job and Family Services			175,630	2,606,927
Passed through Area Office of Aging				
Aging Cluster				
Nutrition Services Incentive Program	93.053			23,693
Special Programs for the Aging - Title III Part C Nutrition Services	93.045			52,795
Special Programs for the Aging - Title III Part B Grants for Supportive Services and Senior Centers	93.044			45,397
Total Aging Cluster				121,885
Total passed through Area Office of Aging				121,885
Passed through Ohio Department of Developmental Disabilities				
Medicaid Cluster				
Medicaid Assistance Program	93.778			99,894
Social Services Block Grant	93.667			25,837
Total passed through Ohio Department of Developmental Disabilities				125,731
Total Social Service Block Grant Program (CFDA 93.667)				463,812
Total Medicaid Assistance Program (CFDA 93.778)				464,791
Total Medicaid Cluster				464,791
Total U.S. Department of Health and Human Services			**175,630**	**2,854,543**
UNITED STATES DEPARTMENT OF LABOR				
Passed through Area 7, Workforce Investment Board (Montgomery County)				
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	2016-7126-1		3,000
Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIA/WIOA Adult Program	17.258	2016-7126-1		94,981
WIA/WIOA Youth Activities	17.259	2016-7126-1	96,450	97,426
WIA/WIOA Dislocated Worker Formula Grants	17.278	2016-7126-1		88,240
Total Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster			96,450	280,647
Total U.S. Department of Labor			**96,450**	**283,647**
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				

FULTON COUNTY

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

FEDERAL GRANTOR / ***Pass-through Grantor*** / Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Entity Identifying	Passed Through to Subrecipients	Total Federal Expenditures
Passed through Ohio Emergency Management Agency				
Emergency Management Performance Grants	97.042	EMC-2016-EP-00003-S01		39,764
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01		17,597
Total Emergency Management Performance Grants				57,361
Total U.S. Department of Homeland Security				**57,361**
UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE				
Passed through Ohio Department of Job and Family Services				
Supplemental Nutrition Assistance Program Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	G-1617-11-5512 / G-1819-11-5739		**157,925**
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvement Program	20.106			39,443
Airport Improvement Program	20.106			1,530
Total Federal Aviation Administration Direct Assistance				40,973
Passed through Ohio Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	STEP-2017-26-00-00-00496-00		10,760
State and Community Highway Safety	20.600	IDEP/STEP-2018-Fulton County Sheriff's O-00049		1,137
Total State and Community Highway Safety				11,897
National Priority Safety Programs	20.616	IDEP-2017-26-00-00-00375-00		10,386
Total Highway Safety Cluster				22,283
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP/STEP-2018-Fulton County Sheriff's O-00049		5,700
Total passed through Ohio Department of Public Safety				27,983
Passed through the Ohio Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	95193		296,664
Highway Planning and Construction	20.205	104235		900
Highway Planning and Construction	20.205	103470		3,312
Total Highway Planning and Construction Cluster				300,876
Total passed through Ohio Department of Transportation				300,876
Total U.S. Department of Transportation				**369,832**
TOTAL FEDERAL AWARDS EXPENDITURES			**$ 272,080**	**$ 4,029,308**

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

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

NOTE 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 Job and Family Services (ODJFS) and Area 7, Workforce Investment Board 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 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2017 is $106,061.

NOTE E - 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.

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2017, the County made allowable transfers of $245,319 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 $1,049,844 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 fiscal year 2017 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	$1,295,163
Transfer to Social Services Block Grant	(245,319)
Total Temporary Assistance for Needy Families	**$1,049,844**

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*

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton 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 and have issued our report thereon dated August 23, 2018.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

County*'s Response to Findings*

The County's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

August 23, 2018

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited Fulton County, Ohio'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 Fulton County's major federal program 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 program.

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

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

Opinion on the Major Federal Program

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

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

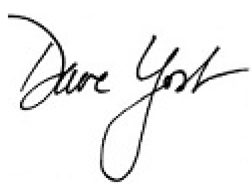
Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

August 23, 2018

FULTON 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**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(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):**	Temporary Assistance for Needy Families Cluster
(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?**	Yes

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

FINDING NUMBER 2017-001

Significant Deficiency – Fund Balance Classification

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

GASB Statement No. 54, codified as GASB Cod 1800.176 requires an assignment of fund balance within the General fund when appropriations adopted for the subsequent year exceed the estimated revenues for that year. 2018 General fund appropriations of $16,173,044 exceeded estimated receipts of $12,022,690; leaving $4,150,354 that should be reported as assigned fund balance at December 31, 2017. Only $2,444,804 was reported as an assigned fund balance due to subsequent year appropriations for a variance of $1,705,550.

This error was not identified and corrected prior to the County preparing its financial statements due to deficiencies in the County's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to reflect this change.

To help ensure the County's financial statements and notes to the statements are complete and accurate, the County should adopt policies and procedures, including a final review of the statements and notes by the County Auditor and Board of County Commissioners, to help identify and correct errors and omissions. The County Auditor can refer to Auditor of State Bulletin 2011-004 at the following website address for information on GASB Statement No. 54: http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf.

Officials' Response:

See corrective action plan

3. FINDINGS FOR FEDERAL AWARDS

None

Fulton County Auditor

BRETT J. KOLB

FULTON COUNTY AUDITOR

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Suite 165
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Annie Hernandez
Barb Brennan
Jerry Van Zile
Teresa Short
Alice Rychener
Barb Colon
Laura Howell
Tim Klopfenstein
Tom Lammers
Scott Yoder
Bonnie Davis
Risa Trumbull
Derek Zimmerman

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CAUV
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Mobile Homes
Real Estate
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Fax 419-337-9298

Accounts Payable
Estate Tax
Dog License
Vendor's License
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Fax 419-337-9298

Payroll
419-337-9600
Fax 419-337-9688

GIS
419-337-9605

Information
Technologies
419-337-9235

Weights & Measures
419-337-9637
Fax 419-337-9298

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Management is aware and understands the importance of the classification of fund balances, and will ensure balances are correctly reported on the financial statements	12/31/2018	Bret Kolb, County Auditor

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FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 6, 2018

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