WASHINGTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2017

Dave Yost • Auditor of State

WASHINGTON COUNTY
DECEMBER 31, 2017

TABLE OF CONTENTS

WASHINGTON COUNTY
DECEMBER 31, 2017

TABLE OF CONTENTS
(Continued)

Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit**,** each major fund, and the aggregate remaining fund information of Washington 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 as Note 2 describes. Management is also responsible for 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.

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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, the discretely presented component unit**,** each major fund, and the aggregate remaining fund information of Washington 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 Fund, Motor Vehicle and Gasoline Tax Fund, Board of Developmental Disabilities Fund, County Home Fund, and Mental Health and Addiction Recovery Board Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion, and Analysis, the Condition Assessments of the County's Infrastructure Reported Using the Modified Approach, and the Schedules of Net Pension Liabilities and Pension Contributions as 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 inquires 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 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 Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 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

September 6, 2018

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The discussion and analysis of Washington County's financial performance provides an overview 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position increased $88,459. Net position of governmental activities increased $124,861 from 2016. Net position of the business-type activity decreased $36,402 from 2016.

- At the end of the current year, the County reported a deficit in unrestricted net position for governmental activities of $7,557,892.

- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $30,399,159, an increase of $580,448 from the prior year.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds. Non-major funds are presented separately from major funds in total and in one column.

County-Wide Financial Statements

The County-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. The statement of activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the statement of net position and the statement of activities, the County is divided into three kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, and economic development. 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 most of the cost of the services provided. The County's Sewer system is reported here.

Component Units - The County's financial statements include financial data of the Southeastern Ohio Port Authority (See note 26). These component units are described in the notes to the financial statements. Component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

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 projects. 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 statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities, County Home, and Mental Health and Addiction Recovery Board Special Revenue Funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

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 on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-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 on the governmental fund balance sheet and on the governmental fund 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 on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Internal Service Fund was used to account for the operation of the County's workers' compensation program through a retrospective rating plan. The County discontinued using this plan starting in 2009.

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information relating to the modified approach to reporting infrastructure.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2017 compared to 2016:

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Totals	
	2017	2016	2017	2016	2017	2016
Assets						
Current and						
Other Assets	$51,183,029	$50,157,196	$515,421	$435,727	$51,698,450	$50,592,923
Capital Assets, Net	155,578,948	152,228,990	6,790,898	7,040,936	162,369,846	159,269,926
Totals Assets	206,761,977	202,386,186	7,306,319	7,476,663	214,068,296	209,862,849
Deferred Outflows of Resources						
Pension	13,640,227	10,556,839	0	0	13,640,227	10,556,839
Liabilities						
Current and						
Other Liabilities	3,452,638	3,251,815	97,482	70,473	3,550,120	3,322,288
Long-Term Liabilities						
Due Within One Year	447,442	445,655	105,525	108,085	552,967	553,740
Due Within More Than One Year:						
Net Pension Liability	35,680,392	28,527,027	0	0	35,680,392	28,527,027
Other Amounts	2,683,833	3,195,138	2,694,435	2,852,826	5,378,268	6,047,964
Total Liabilities	42,264,305	35,419,635	2,897,442	3,031,384	45,161,747	38,451,019
Deferred Inflows of Resources						
Property Taxes	11,631,113	11,111,031	0	0	11,631,113	11,111,031
Pension	783,206	813,640	0	0	783,206	813,640
Total Deferred Inflows of Resources	12,414,319	11,924,671	0	0	12,414,319	11,924,671
Net Position						
Net Investment in						
Capital Assets	152,905,345	149,080,743	3,991,322	4,575,022	156,896,667	153,655,765
Restricted	20,376,127	20,210,658	0	0	20,376,127	20,210,658
Unrestricted (Deficits)	(7,557,892)	(3,692,682)	417,555	(129,743)	(7,140,337)	(3,822,425)
Total Net Position	$165,723,580	$165,598,719	$4,408,877	$4,445,279	$170,132,457	$170,043,998

The net pension liability (NPL) is the largest single liability reported by the School District at December 31, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District 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 mentioned previously, net position increased $88,459. Even though there was an immaterial change in net position, overall total assets increased $4,205,447. In the governmental activities, net capital assets increased $3,349,958 from the prior year primarily due to bridge replacements. Intergovernmental receivables increased by $410,839, due to the County being awarded new operating grants in 2017. Property taxes receivable increased $514,565 due to continuing effects from the reappraisal and the new tax levies. Cash increased $420,161 from 2016. Accounts receivable, sales tax receivable, materials and supplies, and prepaid items experienced decreases in the amounts of $12,378, $126,734, $62,579, and $90,736, respectively. The significant increase in total deferred outflow of resources in 2017 was due to an increase in the difference between projected and actual earnings on investments related to the County's net pension liability for OPERS. The County had increases in several liabilities. Accounts payable increased $123,446. Leave benefits payable increased $138,483. Accrued wages and intergovernmental payables increased $64,992 and $140,969, respectively. Contracts payable decreased $244,222. Total liabilities increased by $6,844,670 due to an increase of $7,153,365 in net pension liability. The net pension liability increase represents the County's proportionate share of the OPERS traditional plan's unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

The business-type activity had a decrease in total assets of $170,344. Cash increased $86,403. Special assessments receivable and capital assets decreased by $6,235 and $250,038, respectively. The business-type activity also had a decrease in total liabilities of $133,942. Intergovernmental payables increased in the amount of $25,741. Amounts due within more than one year had a decrease of $158,391.

Table 2 shows the changes in net position for 2017 compared to 2016:

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
Revenues	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for Services	$6,864,513	$6,518,251	$970,843	$944,022	$7,835,356	$7,462,273
Operating Grants, Contributions, and Interest	19,072,030	18,701,550	0	5,412	19,072,030	18,706,962
Capital Grants, Contributions, and Interest	2,339,392	2,199,528	0	0	2,339,392	2,199,528
Total Program Revenues	28,275,935	27,419,329	970,843	949,434	29,246,778	28,368,763
General Revenues:						
Property Taxes	11,085,223	9,333,610	0	0	11,085,223	9,333,610
Permissive Sales Taxes	13,011,776	13,014,790	0	0	13,011,776	13,014,790
Intergovernmental	2,471,643	1,760,750	0	0	2,471,643	1,760,750
Gain on Sale of Capital Assets	15,299	3,952	0	0	15,299	3,952
Interest	244,151	295,193	0	0	244,151	295,193
Rent	0	22,952	0	0	0	22,952
Miscellaneous	927,218	632,065	2,469	464	929,687	632,529
Total General Revenues	27,755,310	25,063,312	2,469	464	27,757,779	25,063,776
Transfers	1,892	0	(1,892)	0	0	0
Total Revenues and Transfers	56,033,137	52,482,641	971,420	949,898	57,004,557	53,432,539
Program Expenses						
General Government:						
Legislative and Executive	8,091,849	6,494,776	0	0	8,091,849	6,494,776
Judicial	3,010,616	2,677,821	0	0	3,010,616	2,677,821
Public Safety	12,962,328	10,483,035	0	0	12,962,328	10,483,035
Public Works	5,880,188	6,458,848	0	0	5,880,188	6,458,848
Health:						
Alcohol, Drug, and Mental Health	1,139,775	883,083	0	0	1,139,775	883,083
Board of Developmental Disabilities	7,161,063	7,614,285	0	0	7,161,063	7,614,285
County Home	2,736,265	2,456,376	0	0	2,736,265	2,456,376
Other Health	307,143	283,861	0	0	307,143	283,861
Human Services:						
Child Support Enforcement	1,043,668	972,254	0	0	1,043,668	972,254
Children Services	4,235,955	3,747,512	0	0	4,235,955	3,747,512
Job and Family Services	6,025,469	4,676,553	0	0	6,025,469	4,676,553
Senior Services	1,323,498	1,099,104	0	0	1,323,498	1,099,104
Other Human Services	653,769	752,350	0	0	653,769	752,350
Economic Development and Assistance	794,988	487,048	0	0	794,988	487,048
Intergovernmental	473,469	347,472	0	0	473,469	347,472
Interest and Fiscal Charges	68,233	77,113	0	0	68,233	77,113
Sewer	0	0	1,007,822	949,414	1,007,822	949,414
Total Program Expenses	55,908,276	49,511,491	1,007,822	949,414	56,916,098	50,460,905
Net Increase (Decrease) in Net Position	124,861	2,971,150	(36,402)	484	88,459	2,971,634
Net Position Beginning of Year	165,598,719	162,627,569	4,445,279	4,444,795	170,043,998	167,072,364
Net Position End of Year	$165,723,580	$165,598,719	$4,408,877	$4,445,279	$170,132,457	$170,043,998

Governmental Activities

The operating grants, contributions, and interest category of program revenues were the largest program revenues, accounting for $19,072,030 or 34 percent of total governmental activities revenues. The major recipients of intergovernmental program revenues were the Job and Family Services, Mental Health, Engineer's office, Board of Developmental Disabilities, Child Support Enforcement Agency, and Children Services governmental activities. This category of program revenues consists of grants, entitlements, interest earned on restricted monies, motor vehicle license taxes, and gasoline excise taxes.
Property tax revenues account for $11,085,223 or 19.8 percent of total governmental activities revenues.

Another major component of governmental activities revenues was permissive sales taxes, which accounted for $13,011,776 or 23.2 percent of total revenues.

The County's direct charges to users of governmental services made up $6,864,513 or 12.3 percent of total governmental activities revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Health programs accounted for $11,344,246, or 20.3 percent of total expenses for governmental activities. The Board of Developmental Disabilities program expenses decreased $453,222. According to the Business Director, this was due to the privatization of WASCO in July, 2016, as well as a decrease in net pension liability. Alcohol, Drug, and Mental Health expenses increased $256,692 in 2017 from 2016. This increase is primarily due to the timing of when funds were received and expended versus the prior year, as well as an increase in net pension liability.

Other major program expenses for governmental activities include human service programs, which accounted for $13,282,359, or 23.8 percent of total expenses. Children Services had an increase of $488,443 due to an increased demand to provide more services for children, included more children being placed in foster care, as well as an increase in net pension liability. This item is experiencing explosive demand over service in prior years and is a matter of great concern not only to County government, but to the greater community as well. Job and family services had an increase of $1,348,916 primarily due to new programs that began in 2017, as well as an increase in net pension liability. Senior services had an increase of $224,394, primarily due to expanded programs and participation in 2017 as a result of expanded revenues being available.

Public works expenditures decreased $578,660, primarily due to a decrease in grant funding, resulting in a decrease in expenditures, offset by an increase in net pension liability.

Public safety program expenses increased $2,479,293 in 2017 from 2016. This was due in part to an increase in 911 spending, as a result of the new levy and, according to the County Sheriff, expenses for the replacement of a significant portion of the rolling stock, new equipment for the county jail, an overall pay increase negotiated with the employees union, and net pension liability accounts for the balance.

Legislative and executive program expenses increased $1,597,073 primarily due to the County returning real estate assessment collections to the taxing authorities in the County due to the sexennial revaluation, as well as an increase in net pension liability.

Economic Development and Assistance expenses increased $307,940 in 2017 from 2016. This increase is primarily attributable to the timing of when grant revenues such as CHIP and CDBG are received and distributed.

Business-Type Activity

The net position for business-type activities decreased $36,402 during 2017. Charges for services accounted for $970,843, or 99 percent of revenues. This increased $26,821 from 2016. Sewer enterprise expenses increased $58,408 from 2016.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
General Government:				
Legislative and Executive	$8,091,849	$4,932,460	$6,494,776	$3,617,021
Judicial	3,010,616	1,114,441	2,677,821	1,147,190
Public Safety	12,962,328	11,649,181	10,483,035	9,238,382
Public Works	5,880,188	(867,719)	6,458,848	188,301
Health:				
Alcohol, Drug, and Mental Health	1,139,775	88,315	883,083	20,703
Board of Developmental Disabilities	7,161,063	3,510,637	7,614,285	3,248,595
County Home	2,736,265	2,109,296	2,456,376	1,609,789
Other Health	307,143	102,791	283,861	66,439
Human Services:				
Child Support Enforcement	1,043,668	8,471	972,254	(64,475)
Children Services	4,235,955	1,875,714	3,747,512	1,826,925
Job and Family Services	6,025,469	718,858	4,676,553	35,519
Senior Services	1,323,498	1,073,462	1,099,104	823,765
Other Human Services	653,769	640,734	752,350	738,169
Economic Development and Assistance	794,988	497,344	487,048	(463,207)
Intergovernmental	473,469	110,123	347,472	(18,067)
Interest and Fiscal Charges	68,233	68,233	77,113	77,113
Total Expenses	$55,908,276	$27,632,341	$49,511,491	$22,092,162

Charges for services, operating grants, and capital grants of $28,275,935 or 49.4 percent of the total costs of services, are received and used to fund governmental activities' program expenses of the County.

Remaining governmental activities expenses are funded by property taxes, permissive sales taxes, unrestricted intergovernmental revenues, gains on the sale of capital assets, interest, and miscellaneous revenues.

The ($867,719) net cost of public works shows that the program is self-supporting, and did not require general revenues for 2017 operations.

The $5,811,039 in net cost of services for health expenses demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for programs including the Board of Developmental Disabilities and the County Home.

Financial Analysis of County 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 the end of the year.

As of December 31, 2017, the County's governmental funds reported a combined ending fund balance of $30,399,159, an increase of $580,448 in comparison with the prior year. Of that total ending fund balance, $1,070,473 is nonspendable, $15,933,148 is restricted, $905,295 is committed, $1,302,866 is assigned, and $11,187,377 is unassigned, as defined in GASB Statement No. 54.

The General Fund is the primary operating fund of the County. At the end of 2017, the unassigned fund balance was $11,338,338, while total fund balance was $13,216,785. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53.5 percent to total General Fund expenditures, while total fund balance represents 62.3 percent of that same amount. The County's General Fund balance increased $567,910 during 2017.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund increased $229,443 during 2017 due primarily to decreases in public works expenditures.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund increased $100,528 during 2017. After consulting with the Board Business Director, it was determined that this was primarily due to the privatization of WASCO, which hadn't taken full effect until July, 2016.

The fund balance of the County Home Special Revenue Fund increased $524,920 during 2017. According to the County Home Administrator, this increase is due to increases in property tax revenue and continued scrutiny of overall expenses.

The fund balance of the Mental Health and Addiction Recovery Board Special Revenue Fund increased $55,252 during 2017, primarily due to the timing of when expenses and revenues were recorded in comparison to the prior year.

As of December 31, 2017, net position for the County's enterprise fund was $4,408,877. Of that total, $417,555 represents unrestricted net position.

Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.
For the General Fund, budget basis revenue was $22,772,369, above final estimates of $22,542,095. Final estimated revenues were above original estimates of $21,561,373, primarily due to an increase of $364,313 in sales taxes, $119,235 in charges for services, and $79,465 in intergovernmental revenue. Actual expenditures for the year were $21,471,296, under final appropriations of $22,911,689. All expenditure programs experienced spending under budget in 2017. The original appropriations were increased $151,529; legislative and executive, public safety, public works, and health programs were increased; judicial programs were decreased.

Capital Assets and Debt Administration

Capital Assets **-** The County's capital assets for governmental and business-type activities as of December 31, 2017, were $162,369,846 (net of accumulated depreciation). This includes land and land improvements, buildings and improvements, machinery and equipment, furniture and fixtures, infrastructure, and vehicles.

For governmental activities, the most significant capital asset additions during 2017 included a new roof at the Ewing School, a Caterpillar grader for the highway department, and a body scanner for the jail. Several vehicles were bought for the Sheriff's office and the highway garage.

The County uses the modified approach to present county roads and bridges (infrastructure). Disclosures about the condition assessments and maintenance costs regarding the County's infrastructure can be found in the Required Supplementary Information.

Note 10 (Capital Assets) provides capital asset activity during 2017.

Debt Administration - As of December 31, 2017, the County had total bonded debt outstanding of $2,063,903. All of this debt will be repaid through governmental activities. The County's long-term general obligation bonded debt decreased $401,266 during 2017. Other governmental outstanding long-term debt included OPWC loans of $298,912 and capital leases of $261,142. The business-type activity had outstanding debt consisting of OPWC loans of $541,066, OWDA Loans of $1,608,010, and FHA loans of $650,500.

In addition, the County's long-term obligations include compensated absences for sick leave benefits and net pension liability. Additional information on the County's long-term obligations can be found in Notes 15 and 16 of this report.

Economic Factors

The unemployment rate for the County is currently 5.7 percent, which is a decrease from 6.0 percent a year ago. This rate is higher than the State's current rate of 4.5 percent and more than the current national rate of 3.9 percent. The level of unemployment moving down versus the prior year follows the trend at the state and national levels of reduced unemployment as a result of an improving economy and job market.

The County's $1.485 billion tax base is stable and relatively unchanged from the $1.474 billion value from the prior year. Valuations increased in the aggregate for the year and are at an all-time high.

The County's permissive sales tax revenues in governmental activities were basically unchanged from 2016 to 2017 with a reduction of only 0.03% on a cash basis, exceeding estimates. The cause of the better than anticipated revenues is unknown as the increases were spread across various classifications of revenues.

Various economic factors were considered in the preparation of the County's 2017 budget. Appropriate measures will continue to be taken to ensure spending is within available resources.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: William D. McFarland, Washington County Auditor, 205 Putnam Street, Marietta, Ohio 45750.

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	Southeastern Ohio Port Authority
Assets				
Equity in Pooled Cash and Cash Equivalents	$27,198,088	$610,163	$27,808,251	$0
Cash and Cash Equivalents	0	0	0	244,748
Cash and Cash Equivalents in Segregated Accounts	74,210	0	74,210	0
Sales Taxes Receivable	3,246,965	0	3,246,965	0
Accounts Receivable	38,749	88,825	127,574	39,330
Intergovernmental Receivable	6,701,406	0	6,701,406	0
Internal Balances	359,091	(359,091)	0	0
Accrued Interest Receivable	10,369	0	10,369	0
Prepaid Items	243,757	203	243,960	1,958
Special Assessments Receivable	0	173,603	173,603	0
Property Taxes Receivable	12,695,004	0	12,695,004	0
Materials and Supplies Inventory	615,390	1,718	617,108	0
Non-Depreciable Capital Assets	138,858,019	379,120	139,237,139	124,950
Depreciable Capital Assets, Net	16,720,929	6,411,778	23,132,707	2,000,082
Total Assets	206,761,977	7,306,319	214,068,296	2,411,068
Deferred Outflows of Resources				
Pension	13,640,227	0	13,640,227	22,074
Liabilities				
Accounts Payable	814,502	11,516	826,018	801
Contracts Payable	44,681	0	44,681	0
Accrued Wages Payable	783,838	3,733	787,571	0
Retainage Payable	4,965	0	4,965	0
Matured Compensated Absences Payable	25,134	0	25,134	0
Leave Benefits Payable	1,201,891	5,219	1,207,110	1,378
Intergovernmental Payable	573,411	61,647	635,058	40,815
Accrued Interest Payable	4,216	15,367	19,583	1,032
Long-Term Liabilities:				
Due Within One Year	447,442	105,525	552,967	30,019
Due In More Than One Year:				
Net Pension Liability (See Note 12)	35,680,392	0	35,680,392	55,408
Other Amounts Due In More Than One Year	2,683,833	2,694,435	5,378,268	384,669
Total Liabilities	42,264,305	2,897,442	45,161,747	514,122
Deferred Inflows of Resources				
Property Taxes	11,631,113	0	11,631,113	0
Pension	783,206	0	783,206	6,459
Total Deferred Inflows of Resources	12,414,319	0	12,414,319	6,459
Net Position				
Net Investment in Capital Assets	152,905,345	3,991,322	156,896,667	1,712,042
Restricted for:				
Capital Projects	472,592	0	472,592	0
Debt Service	556,815	0	556,815	0
Road and Bridge Projects	5,414,801	0	5,414,801	0
Mental Health	1,100,691	0	1,100,691	0
County Home	3,654,180	0	3,654,180	0
Developmental Disabilities	4,431,734	0	4,431,734	0
Real Estate Assessment	900,143	0	900,143	0
Child Support Enforcement	708,657	0	708,657	0
Court and Corrections	788,155	0	788,155	0
Sheriff Operations	146,605	0	146,605	0
911 Operations	309,853	0	309,853	0
Economic Development	920,820	0	920,820	0
Senior Services	306,804	0	306,804	0
Unclaimed Monies	211,326	0	211,326	0
Other Purposes	452,951	0	452,951	0
Unrestricted (Deficit)	(7,557,892)	417,555	(7,140,337)	200,519
Total Net Position	$165,723,580	$4,408,877	$170,132,457	$1,912,561

See accompanying notes to the basic financial statements.

Washington County, Ohio

Statement of Activities

For the Year Ended December 31, 2017

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$8,091,849	$3,084,319	$75,070	$0
Judicial	3,010,616	1,415,221	480,954	0
Public Safety	12,962,328	1,088,364	215,907	8,876
Public Works	5,880,188	110,856	4,306,535	2,330,516
Health:				
Alcohol, Drug, and Mental Health	1,139,775	0	1,051,460	0
Board of Developmental Disabilities	7,161,063	276,992	3,373,434	0
County Home	2,736,265	411,889	215,080	0
Other Health	307,143	204,352	0	0
Human Services:				
Child Support Enforcement	1,043,668	67,915	967,282	0
Children Services	4,235,955	7,872	2,352,369	0
Job and Family Services	6,025,469	182,363	5,124,248	0
Senior Services	1,323,498	1,335	248,701	0
Other Human Services	653,769	13,035	0	0
Economic Development and Assistance	794,988	0	297,644	0
Intergovernmental	473,469	0	363,346	0
Interest and Fiscal Charges	68,233	0	0	0
Total Governmental Activities	55,908,276	6,864,513	19,072,030	2,339,392
Business-Type Activity				
Sewer	1,007,822	970,843	0	0
Total Primary Government	$56,916,098	$7,835,356	$19,072,030	$2,339,392
Component Units				
Southeastern Ohio Port Authority	$296,167	$103,396	$200,300	$0

General Revenues

Property Taxes Levied for:

General Purposes

Mental Health

County Home

Board of Developmental Disabilities

Senior Services

Bond Retirement

911

Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Assets

Interest

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements.

Governmental Activities	Business-Type Activity	Total	Southeastern Ohio Port Authority
Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
($4,932,460)	$0	($4,932,460)	$0
(1,114,441)	0	(1,114,441)	0
(11,649,181)	0	(11,649,181)	0
867,719	0	867,719	0
(88,315)	0	(88,315)	0
(3,510,637)	0	(3,510,637)	0
(2,109,296)	0	(2,109,296)	0
(102,791)	0	(102,791)	0
(8,471)	0	(8,471)	0
(1,875,714)	0	(1,875,714)	0
(718,858)	0	(718,858)	0
(1,073,462)	0	(1,073,462)	0
(640,734)	0	(640,734)	0
(497,344)	0	(497,344)	0
(110,123)	0	(110,123)	0
(68,233)	0	(68,233)	0
(27,632,341)	0	(27,632,341)	0
0	(36,979)	(36,979)	0
(27,632,341)	(36,979)	(27,669,320)	0
0	0	0	7,529
3,092,892	0	3,092,892	0
88,375	0	88,375	0
2,238,884	0	2,238,884	0
3,768,025	0	3,768,025	0
1,012,700	0	1,012,700	0
397,929	0	397,929	0
486,418	0	486,418	0
13,011,776	0	13,011,776	0
2,471,643	0	2,471,643	0
15,299	0	15,299	0
244,151	0	244,151	5
927,218	2,469	929,687	65,080
27,755,310	2,469	27,757,779	65,085
1,892	(1,892)	0	0
27,757,202	577	27,757,779	65,085
124,861	(36,402)	88,459	72,614
165,598,719	4,445,279	170,043,998	1,839,947
$165,723,580	$4,408,877	$170,132,457	$1,912,561

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

	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities
Assets			
Equity in Pooled Cash and Cash Equivalents	$10,927,079	$2,858,783	$4,011,234
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	211,326	0	0
Materials and Supplies Inventory	86,016	502,875	2,229
Receivables:			
Property Taxes	3,470,094	0	3,916,796
Sales Taxes	3,246,965	0	0
Accounts	15,982	0	2,281
Intergovernmental	1,460,520	2,312,121	627,468
Interfund	40,714	600	5,000
Accrued Interest	0	0	0
Prepaid Items	174,820	1,505	582
Total Assets	$19,633,516	$5,675,884	$8,565,590
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$297,877	$62,905	$54,503
Contracts Payable	44,681	0	0
Accrued Wages Payable	354,187	59,298	104,055
Retainage Payable	4,965	0	0
Matured Compensated Absences Payable	0	0	0
Interfund Payable	7,922	654	111
Intergovernmental Payable	342,929	28,472	73,166
Total Liabilities	1,052,561	151,329	231,835
Deferred Inflows of Resources			
Property Taxes	3,183,813	0	3,587,175
Unavailable Revenue	2,180,357	1,456,818	789,342
Total Deferred Inflows of Resources	5,364,170	1,456,818	4,376,517
Fund Balances			
Nonspendable	472,162	504,380	2,811
Restricted	0	3,563,357	3,954,427
Committed	103,419	0	0
Assigned	1,302,866	0	0
Unassigned	11,338,338	0	0
Total Fund Balances	13,216,785	4,067,737	3,957,238
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$19,633,516	$5,675,884	$8,565,590

See accompanying notes to the basic financial statements.

County Home	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
$3,464,679	$708,492	$4,907,973	$26,878,240
0	0	74,210	74,210
0	0	0	211,326
12,536	0	11,734	615,390
2,491,886	818,099	1,998,129	12,695,004
0	0	0	3,246,965
0	0	20,486	38,749
112,135	362,502	1,826,660	6,701,406
600	0	361,271	408,185
0	0	10,369	10,369
7,541	7,082	52,227	243,757
$6,089,377	$1,896,175	$9,263,059	$51,123,601
$16,965	$16,343	$365,909	$814,502
0	0	0	44,681
50,586	7,159	208,553	783,838
0	0	0	4,965
2,407	0	22,727	25,134
0	0	40,407	49,094
24,528	4,948	99,368	573,411
94,486	28,450	736,964	2,295,625
2,295,962	749,401	1,814,762	11,631,113
308,059	269,786	1,793,342	6,797,704
2,604,021	1,019,187	3,608,104	18,428,817
20,077	7,082	63,961	1,070,473
3,370,793	841,456	4,203,115	15,933,148
0	0	801,876	905,295
0	0	0	1,302,866
0	0	(150,961)	11,187,377
3,390,870	848,538	4,917,991	30,399,159
$6,089,377	$1,896,175	$9,263,059	$51,123,601

Washington County, Ohio

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2017

Total Governmental Fund Balances		$30,399,159
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		155,578,948
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	1,063,891	
Sales Taxes	1,247,722	
Intergovernmental	4,390,387	
Charges for Services	95,704	6,797,704
An internal service fund is used by management to charge the costs of providing workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		108,522
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	13,640,227	
Deferred Inflows - Pension	(783,206)	
Net Pension Liability	(35,680,392)	(22,823,371)
Leave Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(1,201,891)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(2,063,903)	
OPWC Loans Payable	(298,912)	
Accrued Interest Payable	(4,216)	
Capital Leases Payable	(261,142)	
Compensated Absences Payable	(507,318)	(3,135,491)
Net Position of Governmental Activities		$165,723,580

See accompanying notes to the basic financial statements.

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

	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities
Revenues			
Property Taxes	$3,104,451	$0	$3,805,364
Sales Taxes	13,074,189	0	0
Charges for Services	3,535,344	49,495	238,876
Licenses and Permits	3,050	0	0
Fines and Forfeitures	95,113	55,313	0
Intergovernmental	2,618,779	5,433,909	3,363,557
Interest	244,549	12,219	0
Rent	130,892	0	30,000
Contributions and Donations	8,876	0	31,375
Miscellaneous	600,280	22,843	206,953
Total Revenues	23,415,523	5,573,779	7,676,125
Expenditures			
Current:			
General Government:			
Legislative and Executive	5,711,369	0	0
Judicial	2,129,377	0	0
Public Safety	10,086,473	0	0
Public Works	2,342,876	5,313,762	0
Health:			
Alcohol, Drug, and Mental Health	0	0	0
Board of Developmental Disabilities	0	0	7,575,597
County Home	0	0	0
Other Health	95,582	0	0
Human Services:			
Child Support Enforcement	0	0	0
Children Services	0	0	0
Job and Family Services	0	0	0
Senior Services	0	0	0
Other Human Services	634,843	0	0
Economic Development and Assistance	142,116	0	0
Capital Outlay	0	0	0
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	47,065	42,974	0
Interest and Fiscal Charges	10,756	0	0
Total Expenditures	21,200,457	5,356,736	7,575,597
Excess of Revenues Over (Under) Expenditures	2,215,066	217,043	100,528
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	31,189	10,000	0
Transfers In	86,599	2,400	0
Transfers Out	(1,764,944)	0	0
Total Other Financing Sources (Uses)	(1,647,156)	12,400	0
Net Change in Fund Balances	567,910	229,443	100,528
Fund Balances Beginning of Year	12,648,875	3,838,294	3,856,710
Fund Balances End of Year	$13,216,785	$4,067,737	$3,957,238

See accompanying notes to the basic financial statements.

County Home	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
$2,262,828	$19,677	$1,898,420	$11,090,740
0	0	0	13,074,189
411,889	0	1,563,042	5,798,646
0	0	245,604	248,654
0	0	377,333	527,759
214,117	1,111,354	11,205,445	23,947,161
0	0	0	256,768
0	0	56,974	217,866
125	0	24,244	64,620
48,999	0	48,247	927,322
2,937,958	1,131,031	15,419,309	56,153,725
0	0	1,662,748	7,374,117
0	0	512,658	2,642,035
0	0	1,262,975	11,349,448
0	0	1,160,917	8,817,555
0	1,075,779	0	1,075,779
0	0	0	7,575,597
2,415,838	0	0	2,415,838
0	0	204,770	300,352
0	0	903,530	903,530
0	0	3,911,768	3,911,768
0	0	5,358,612	5,358,612
0	0	1,323,919	1,323,919
0	0	12,777	647,620
0	0	652,872	794,988
0	0	94,251	94,251
0	0	473,469	473,469
0	0	400,000	490,039
0	0	59,485	70,241
2,415,838	1,075,779	17,994,751	55,619,158
522,120	55,252	(2,575,442)	534,567
2,800	0	0	43,989
0	0	1,762,544	1,851,543
0	0	(84,707)	(1,849,651)
2,800	0	1,677,837	45,881
524,920	55,252	(897,605)	580,448
2,865,950	793,286	5,815,596	29,818,711
$3,390,870	$848,538	$4,917,991	$30,399,159

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

Net Change in Fund Balances - Governmental Funds		$580,448
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 outlay exceeded depreciation in the current period:		
Capital Asset Additions	12,647,772	
Current Year Depreciation	(1,561,914)	11,085,858
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of assets:		
Disposal of Capital Assets	(28,690)	
Modified Approach to Infrastructure Deletes	(7,707,210)	(7,735,900)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund:		
Delinquent Property Taxes	(5,517)	
Sales Tax	(62,413)	
Intergovernmental	(141,333)	
Charges for Services	71,588	
Miscellaneous	(104)	(137,779)
Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities:		
Refunding Bonds	400,000	
OPWC Loans Payable	42,974	
Capital Lease Payable	47,065	490,039
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Bond Premium Amortization	2,046	
Accrued Interest Payable	742	
Amortization of Discount	(780)	2,008
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Vacation Benefits Payable	(138,483)	
Compensated Absences Payable	18,213	(120,270)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows or a reduction in the net pension liability		2,558,258
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(6,597,801)
Change in Net Position of Governmental Activities		$124,861

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$3,083,015	$3,083,615	$3,088,555	$4,940
Sales Taxes	12,607,212	12,971,525	13,138,510	166,985
Charges for Services	3,289,469	3,408,704	3,467,835	59,131
Licenses and Permits	3,000	3,000	3,050	50
Fines and Forfeitures	94,500	93,876	96,104	2,228
Intergovernmental	1,774,427	1,853,892	1,868,393	14,501
Interest	327,796	364,779	369,927	5,148
Rent	138,653	138,653	137,016	(1,637)
Contributions and Donations	100	9,234	8,876	(358)
Miscellaneous	243,201	614,817	594,103	(20,714)
Total Revenues	21,561,373	22,542,095	22,772,369	230,274
Expenditures				
Current:				
General Government:				
Legislative and Executive	6,021,393	6,075,283	5,615,368	459,915
Judicial	2,463,773	2,404,892	2,178,426	226,466
Public Safety	10,784,510	10,925,622	10,410,064	515,558
Public Works	2,345,653	2,354,845	2,349,158	5,687
Health	172,330	178,546	111,160	67,386
Human Services	807,435	807,435	642,055	165,380
Economic Development and Assistance	165,065	165,065	165,065	0
Total Expenditures	22,760,159	22,911,688	21,471,296	1,440,392
Excess of Revenues Over (Under) Expenditures	(1,198,786)	(369,593)	1,301,073	1,670,666
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	22,960	31,660	31,189	(471)
Advance In	70,000	522,403	522,403	0
Transfers In	0	86,596	86,599	3
Advance Out	(20,000)	(547,403)	(547,403)	0
Transfers Out	(1,708,086)	(1,764,470)	(1,764,944)	(474)
Total Other Financing Sources (Uses)	(1,635,126)	(1,671,214)	(1,672,156)	(942)
Net Change in Fund Balance	(2,833,912)	(2,040,807)	(371,083)	1,669,724
Fund Balance Beginning of Year	9,884,220	9,884,220	9,884,220	0
Prior Year Encumbrances Appropriated	732,826	732,826	732,826	0
Fund Balance End of Year	$7,783,134	$8,576,239	$10,245,963	$1,669,724

See accompanying notes to the basic financial statements.

Washington County, Ohio

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Charges for Services	$30,000	$30,000	$67,941	$37,941
Fines and Forfeitures	40,000	40,000	55,934	15,934
Intergovernmental	5,660,000	5,410,000	5,589,210	179,210
Interest	25,000	25,000	12,219	(12,781)
Miscellaneous	5,000	5,000	22,467	17,467
Total Revenues	5,760,000	5,510,000	5,747,771	237,771
Expenditures				
Current:				
Public Works	5,814,111	7,224,511	5,965,736	1,258,775
Debt Service:				
Principal Retirement	32,230	42,974	42,974	0
Total Expenditures	5,846,341	7,267,485	6,008,710	1,258,775
Excess of Revenues Under Expenditures	(86,341)	(1,757,485)	(260,939)	1,496,546
Other Financing Sources				
Proceeds from Sale of Capital Assets	10,000	10,000	10,000	0
Transfers In	0	0	2,400	2,400
Total Other Financing Sources	10,000	10,000	12,400	2,400
Net Change in Fund Balance	(76,341)	(1,747,485)	(248,539)	1,498,946
Fund Balance Beginning of Year	2,357,611	2,357,611	2,357,611	0
Prior Year Encumbrances Appropriated	322,607	322,607	322,607	0
Fund Balance End of Year	$2,603,877	$932,733	$2,431,679	$1,498,946

See accompanying notes to the basic financial statements.

Washington County, Ohio

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$3,790,145	$3,790,145	$3,794,181	$4,036
Charges for Services	234,000	234,000	236,361	2,361
Intergovernmental	3,447,700	3,447,700	3,435,630	(12,070)
Rent	36,000	36,000	30,000	(6,000)
Contributions and Donations	25,000	25,000	31,579	6,579
Miscellaneous	195,000	195,000	202,963	7,963
Total Revenues	7,727,845	7,727,845	7,730,714	2,869
Expenditures				
Current:				
Health	7,328,409	8,355,886	7,737,348	618,538
Excess of Revenues Over (Under) Expenditures	399,436	(628,041)	(6,634)	621,407
Other Financing Uses				
Transfers Out	(2,500)	(2,500)	0	2,500
Net Change in Fund Balance	396,936	(630,541)	(6,634)	623,907
Fund Balance Beginning of Year	3,533,473	3,533,473	3,533,473	0
Prior Year Encumbrances Appropriated	209,739	209,739	209,739	0
Fund Balance End of Year	$4,140,148	$3,112,671	$3,736,578	$623,907

See accompanying notes to the basic financial statements.

Washington County, Ohio

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$2,243,480	$2,243,480	$2,252,088	$8,608
Charges for Services	340,000	340,000	411,889	71,889
Intergovernmental	228,710	228,710	214,117	(14,593)
Contributions and Donations	0	0	125	125
Miscellaneous	0	0	48,399	48,399
Total Revenues	2,812,190	2,812,190	2,926,618	114,428
Expenditures				
Current:				
Health	3,006,287	3,009,027	2,451,801	557,226
Excess of Revenues Over (Under) Expenditures	(194,097)	(196,837)	474,817	671,654
Other Financing Sources				
Proceeds from Sale of Capital Assets	0	0	2,800	2,800
Net Change in Fund Balance	(194,097)	(196,837)	477,617	674,454
Fund Balance Beginning of Year	2,848,317	2,848,317	2,848,317	0
Prior Year Encumbrances Appropriated	45,765	45,765	45,765	0
Fund Balance End of Year	$2,699,985	$2,697,245	$3,371,699	$674,454

See accompanying notes to the basic financial statements.

Washington County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)
Mental Health and Addiction Recovery Board Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$745,108	$973,409	$1,022,012	$48,603
Expenditures				
Current:				
Health	996,953	1,227,678	1,159,018	68,660
Excess of Revenues Under Expenditures	(251,845)	(254,269)	(137,006)	117,263
Other Financing Sources (Uses)				
Advances In	20,000	20,000	20,000	0
Advances Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(251,845)	(254,269)	(137,006)	117,263
Fund Balance Beginning of Year	717,756	717,756	717,756	0
Prior Year Encumbrances Appropriated	30,871	30,871	30,871	0
Fund Balance End of Year	$496,782	$494,358	$611,621	$117,263

See accompanying notes to the basic financial statements.

Washington County, Ohio

Statement of Fund Net Position

Proprietary Funds

December 31, 2017

	Business-Type Activity	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$610,163	$108,522
Receivables:		
Accounts	88,825	0
Special Assessments	173,603	0
Prepaid Items	203	0
Materials and Supplies Inventory	1,718	0
Total Current Assets	874,512	108,522
Noncurrent Assets:		
Non-Depreciable Capital Assets	379,120	0
Depreciable Capital Assets, Net	6,411,778	0
Total Noncurrent Assets	6,790,898	0
Total Assets	7,665,410	108,522
Liabilities		
Current Liabilities:		
Accounts Payable	11,516	0
Accrued Wages Payable	3,733	0
Vacation Benefits Payable	5,219	0
Intergovernmental Payable	61,647	0
Accrued Interest Payable	15,367	0
Interfund Payable	359,091	0
Current Portion of OWDA Loans Payable	53,133	0
Current Portion of OPWC Loans Payable	33,392	0
Current Portion of FHA Loan Payable	19,000	0
Total Current Liabilities	562,098	0
Long-Term Liabilities (Net of Current Portion):		
Compensated Absences Payable	384	0
OWDA Loans Payable	1,554,877	0
OPWC Loans Payable	507,674	0
FHA Sewer Loan Payable	631,500	0
Total Long-Term Liabilities	2,694,435	0
Total Liabilities	3,256,533	0
Net Position		
Net Investment in Capital Assets	3,991,322	0
Unrestricted	417,555	108,522
Total Net Position	$4,408,877	$108,522

See accompanying notes to the basic financial statements.

Washington County, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2017

	Business-Type Activity	Governmental Activities
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for Services	$970,843	$0
Other	2,469	0
Total Operating Revenues	973,312	0
Operating Expenses		
Personal Services	96,928	0
Fringe Benefits	49,115	0
Contractual Services	510,666	0
Materials and Supplies	6,746	0
Depreciation	264,991	0
Other	3,984	0
Total Operating Expenses	932,430	0
Operating Income	40,882	0
Non-Operating Expenses		
Interest and Fiscal Charges	(75,392)	0
Income (Loss) Before Transfers	(34,510)	0
Transfers Out	(1,892)	0
Change in Net Position	(36,402)	0
Net Position Beginning of Year	4,445,279	108,522
Net Position End of Year	$4,408,877	$108,522

See accompanying notes to the basic financial statements.

Washington County, Ohio
Statement of Cash Flows
Sewer Enterprise Fund
For the Year Ended December 31, 2017

	Business-Type Activity Sewer Enterprise Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$967,982
Cash Payments for Employee Services and Benefits	(146,865)
Cash Payments for Goods and Services	(491,171)
Other Operating Revenues	2,469
Other Operating Expenses	(3,967)
Net Cash Provided by Operating Activities	328,448
Cash Flows from Noncapital Financing Activities	
Transfers Out	(1,892)
Cash Flows from Capital and Related Financing Activities	
Special Assessments	10,843
Payments for Capital Acquistions	(14,953)
Principal Paid on Debt	(160,474)
Interest and Fiscal Charges Paid on Debt	(75,569)
Net Cash Used for Capital and Related Financing Activities	(240,153)
Net Increase in Cash and Cash Equivalents	86,403
Cash and Cash Equivalents Beginning of Year	523,760
Cash and Cash Equivalents End of Year	$610,163
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$40,882
Adjustments:	
Depreciation	264,991
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,790
Increase in Delinquent Sewer Receivable	(4,608)
Decrease in Prepaid Items	17
Increase in Materials and Supplies Inventory	(376)
Increase in Accounts Payable	1,782
Decrease in Vacation Benefits Payable	(337)
Decrease in Compensated Absences Payable	(477)
Decrease in Interfund Payable	(957)
Increase in Intergovernmental Payable	25,741
Net Cash Provided by Operating Activities	$328,448

See accompanying notes to the basic financial statements.

Washington County, Ohio

Statement of Assets and Liabilities

Agency Funds

December 31, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	$2,857,694
Cash and Cash Equivalents in Segregated Accounts	1,011,834
Investments in Segregated Accounts	30,435
Receivables:	
Property Taxes	57,906,232
Accounts	389,843
Special Assessments	393,870
Intergovernmental	2,632,575
Total Assets	$65,222,483
Liabilities	
Intergovernmental Payable	$62,452,971
Undistributed Monies	2,769,512
Total Liabilities	$65,222,483

See accompanying notes to the basic financial statements.

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NOTE 1 - REPORTING ENTITY

Washington County, Ohio (the County), was created July 26, 1778, by Governor Arthur St. Clair. The County was the first county formed in the Northwest Territory and is composed of twenty-two townships. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are seven other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, and Sheriff. Also elected are two Common Pleas Court Judges and a Probate and Juvenile Court Judge. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Washington County, this includes the Board of Developmental Disabilities, the Children Services' Board, the Mental Health and Addiction Recovery Board, and all departments and activities that are directly operated by the elected County Officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent upon the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government.

Discretely Presented Component Units

Southeastern Ohio Port Authority (the Authority) was created during 2003, pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution, and research and development interest of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region and to induce the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities; to purchase, subdivide, sell, and lease real property in Southeastern Ohio; and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio. The Authority's Board of Directors consists of the number of Directors it deems necessary. They are appointed by the Washington County Commissioners. The County assumes the responsibility to provide financial support to the Authority and has guaranteed the debt of the Authority; therefore, it is included as a discretely presented component unit. Separately issued financial statements can be obtained from the Authority in Marietta, Ohio.

The following potential component units have been excluded from the County's financial statements:

Washington County Career Center
Washington County Agricultural Society
Washington County Historical Society

Washington State Community College
Washington County Cooperative Extension
Marietta Tourist and Convention Bureau
Washington County Law Library

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Washington County General Health District The District is governed by the Board of Health which oversees the operation of the District and is elected by a regional advisory council composed of township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

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

The County is associated with certain organizations which are defined as jointly governed organizations and insurance purchasing pools. These organizations are presented in Notes 20 and 22 to the Basic Financial Statements. The organizations are:

Buckeye Hills Regional Council
Southeastern Ohio Joint Solid Waste Management District
Washington-Morgan Community Action Corporation
Washington County Family and Children First Council
Wood, Washington, and Wirt Planning Commission
Buckeye Hills Resource Conservation and Development Council (RC&D)
Mid-East Ohio Regional Council (MEORC)
Ohio Valley Employment Resource (OVER)
Regional Child Abuse Prevention Council
County Risk Sharing Authority, Inc. (CORSA)
County Employee Benefits Consortium of Ohio, Inc. (CEBCO)

The County is associated with the Washington County Public Library, which is classified as a related organization. Additional information concerning the related organization is presented in Note 21.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Motor Vehicle and Gasoline Tax Fund This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by state law to County road and bridge repair/improvements programs.

Board of Developmental Disabilities Fund This fund accounts for the operation of a school and the costs of administering a sheltered workshop for the developmentally disabled residents of the County. Revenue sources are federal and state grant monies and a county-wide property tax levy.

County Home Fund This fund accounts for property tax revenues and other resources used to finance the operation of the County Home.

Mental Health and Addiction Recovery Board Fund This fund accounts for all state, federal, and local funds that have been expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public at large.

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

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

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

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Internal Service Fund was used to account for the operation of the County's workers' compensation program through a retrospective rating plan.

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 8). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (see Note 9), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, sales taxes, intergovernmental grants, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities are found on page 22. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

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

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2017 upon which the final appropriations were based.

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

F. Cash and Cash Equivalents

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

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

During 2017, investments were limited to certificates of deposit and commercial paper, which are reported at cost, and in federal agency securities, which are reported at fair value based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. County policy requires interest earned on investments to be credited to the General Fund except where there is a legal requirement or there are bond proceeds for capital improvements. Interest revenue credited to the General Fund during 2017 amounted to $244,549, which includes $166,306 assigned from other County funds.

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

G. Inventory

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

H. Restricted Assets

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

I. Receivables and Payables

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

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Interfund Balances

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

L. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of five thousand dollars. 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. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	40-100 Years	n/a
Buildings and Improvements	40-100 Years	40-100 Years
Machinery and Equipment	5-10 Years	5-10 Years
Furniture and Fixtures	5-20 Years	n/a
Vehicles	8 Years	8 Years
Business-Type Infrastructure	N/A	40 Years

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

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

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "leave benefits payable", rather than long term liabilities, as the balances are to be used by the employees in the year following the year benefits are earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated, unused sick leave for all employees of the County after ten years of service.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account, "Matured Compensated Absences Payable" in the fund from which the employees will be paid. The remaining portion of the liability is not reported.

N. Accrued Liabilities and Long-term Obligations

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

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

O. <u>Fund Balance</u>

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

> ***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
>
> ***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions).
>
> Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.
>
> ***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> ***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In 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 the County Commissioners or a County official delegated that authority by resolution or by State Statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

P. Net Position

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

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

Q. Operating Revenues and Expenses

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

R. Internal Activity

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

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

S. Bond Premiums and Discounts

Bond discounts and premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable. Bond premiums are presented as an addition to the face amount of the bonds. On the government fund financial statements, bond premiums and bond discounts are recognized in the period in which bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

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 positon 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. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County did not have any extraordinary or special items in 2017.

V. Estimates

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2017, the County implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1.* These changes were incorporated in the County's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Change in Reporting Entity – For the fiscal year ended August 31, 2016, WASCO was reflected as a discretely presented component unit on the County's financial statements for the year ended December 31, 2016. Based upon the changes to the by-laws of WASCO, the relationship between WASCO and the County has changed and WASCO is no longer receiving in-kind contributions from the County, and is no longer providing services solely to Washington County Board of Developmental Disabilities. Pursuant to the criteria set forth in GASB Statement 14, WASCO will no longer be presented component unit. The August 31, 2016, net position for WASCO was $1,256,583.

NOTE 4 - FUND BALANCES

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

Fund Balances	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Mental Health and Addiction Recovery Board	Nonmajor Governmental Funds	Total
Nonspendable:							
Inventory	$86,016	$502,875	$2,229	$12,536	$0	$11,734	$615,390
Prepaids	174,820	1,505	582	7,541	7,082	52,227	243,757
Unclaimed monies	211,326	0	0	0	0	0	211,326
Total Nonspendable	472,162	504,380	2,811	20,077	7,082	63,961	1,070,473
Restricted for:							
County Home Operations	0	0	0	3,370,793	0	0	3,370,793
Road and Bridge Maintenance	0	3,563,357	0	0	0	0	3,563,357
Developmental Disabilities	0	0	3,954,427	0	0	0	3,954,427
Mental Health Operations	0	0	0	0	841,456	0	841,456
Job and Family Services Operations	0	0	0	0	0	83,897	83,897
Capital Improvements	0	0	0	0	0	456,466	456,466
Urban Transportation	0	0	0	0	0	100,085	100,085
Bond Retirement	0	0	0	0	0	504,814	504,814
Sheriff Operations	0	0	0	0	0	128,981	128,981
Disaster Services	0	0	0	0	0	128,049	128,049
911 Operations	0	0	0	0	0	261,696	261,696
Dog and Kennel	0	0	0	0	0	208,585	208,585
Senior Citizens	0	0	0	0	0	41,083	41,083
Marriage Licenses	0	0	0	0	0	1,187	1,187
Senior Services	0	0	0	0	0	89,996	89,996
Child Support Services	0	0	0	0	0	491,914	491,914
Court Operations	0	0	0	0	0	538,108	538,108
Economic Development	0	0	0	0	0	262,115	262,115
Real Estate Assessments	0	0	0	0	0	906,139	906,139
Total Restricted	0	3,563,357	3,954,427	3,370,793	841,456	4,203,115	15,933,148
Committed to:							
Voting Equipment	16,570	0	0	0	0	0	16,570
Floor Repairs	37,203	0	0	0	0	0	37,203
Roof Repairs	49,646	0	0	0	0	0	49,646
Capital Projects	0	0	0	0	0	758,305	758,305
Background Investigations	0	0	0	0	0	43,571	43,571
Total Committed	103,419	0	0	0	0	801,876	905,295
Assigned to:							
2018 Appropriations	974,061	0	0	0	0	0	974,061
Purchases on Order	328,805	0	0	0	0	0	328,805
Total Assigned	1,302,866	0	0	0	0	0	1,302,866
Unassigned:	11,338,338	0	0	0	0	(150,961)	11,187,377
Total Fund Balances	$13,216,785	$4,067,737	$3,957,238	$3,390,870	$848,538	$4,917,991	$30,399,159

NOTE 5 - FUND DEFICIT

At December 31, 2017, the Children Services Fund had a deficit fund balance of $118,384. The deficit was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP).

4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP basis) but not on the budgetary basis.

5. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

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

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Mental Health and Addiction Recovery Board
GAAP Basis	$567,910	$229,443	$100,528	$524,920	$55,252
Net Adjustment for Revenue Accruals	(446,869)	178,628	49,213	(600)	(89,342)
Beginning of the Year:					
Unrecorded Cash	21,348	224	16,559	0	0
Unreported Interest	(39,180)	0	0	0	0
Agency Fund Cash Allocation	67,609	0	83,078	49,238	0
Prepaid Items	287,801	2,256	2,688	8,332	0
End of the Year:					
Unrecorded Cash	(66,117)	(4,860)	0	0	0
Unreported Interest	164,558	0	0	0	0
Agency Fund Cash Allocation	(344,503)	0	(94,261)	(59,978)	(19,677)
Prepaid Items	(174,820)	(1,505)	(582)	(7,541)	(7,082)
Net Adjustment for Expenditure Accruals	237,560	(230,481)	16,538	(3,752)	1,037
Encumbrances	(646,380)	(422,244)	(180,395)	(33,002)	(77,194)
Budget Basis	($371,083)	($248,539)	($6,634)	$477,617	($137,006)

NOTE 7 - 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 demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or its political subdivisions;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;

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

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;

9. Up to forty percent of the County's average portfolio in either of the following:

   a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.

   b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.

10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $8,489,640 of the County's bank balance of $9,733,639 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

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

Four of the County's financial institution are in the process of joining OPCS; however, at December 31, 2017, the financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Certificates of Deposit	$6,304,295	Less than five years		27.82%
Fair Value - Level One Inputs				
Commercial Papers	4,062,336	Less than five years	A1-P1	17.93
Corporation Notes	2,362,593	Less than five years	AA-	10.43
Federal National Mortgage Association Note	3,925,123	Less than five years	AAA	17.32
Federal Home Loan Mortgage Corporation Notes	6,002,642	Less than five years	AAA	26.49
Total Investments	$22,656,989			

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2017. All of the County's investments are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk The County's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Federal National Mortgage Association Note carried a credit rating by Moody's of Aaa. The County has no investment policy that would limit its investment choices other than the restrictions contained in State statute.

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 County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County places no limit on the amount it may invest in any one issuer.

NOTE 8 - RECEIVABLES

A. Property Taxes

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

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

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

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

The full tax rate for all County operations for the year ended December 31, 2017, was $10.40 per $1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	$1,165,507,520
Public Utility Personal Property	308,494,770
Total	$1,474,002,290

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Intergovernmental Receivables

Governmental Activities	Amounts
Gas Excise Tax	$1,177,102
Motor Vehicle License Tax	1,060,570
Community Development Block Grants	758,652
Homestead and Rollback	702,467
Over/Under Funding	552,399
Medicaid	471,427
Casino Tax	349,042
Local Government	308,340
T-CAP Grant	216,648
State Operating Subsidy	169,140
Continuum of Care	152,335
Miscellaneous	104,204
Election Expense Reimbursement	95,704
Community Corrections Grant	90,000
Permissive Motor Vehicle License Tax	74,449
Federal Treatment (Per Capita Grant)	69,362
Special Education Part B- IDEA	44,081
Mental Health Title XX	28,750
Women's Prevention	27,670
Federal Prevention	23,317
Mental Health Block Grants	20,945
National Service Grants	20,607
VOCA Grants	17,694
Sheriff Continuing Professional Training	17,620
State Family Support	16,285
Vocational Rehabilitation Public Private Partnership	15,387
Emergency Management Performance Grant	15,286
Early Childhood Special Education	14,927
Continuum of Care - Alcohol or Drug	14,239
CCMEP WIOA Youth Program	13,742
2017 Federal - Rural Transit Program	12,620
Board of Developmental Disabililites Reimbursements	8,178
State Gambling Addiction Prevention	10,089
TDD Case Management Subsidy	9,860
Title XX Social Services	7,406
Waiver Administration	5,526
Criminal Justice Services - Forensic Monitoring	3,022
Mental Health State Prevention Grant	2,314
Total Intergovernmental Receivable	$6,701,406

NOTE 9 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners, by resolution, imposed a one percent tax on all retail sales made in the County and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. At the November 1989 general election, an additional one-half percent tax was approved by the voters of the County. 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 (OBM) the amount of the tax to be returned to the

County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2017.

NOTE 10 - CAPITAL ASSETS

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

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	$1,099,719	$0	$0	$1,099,719
Infrastructure	134,620,081	10,845,429	(7,707,210)	137,758,300
Total Non-Depreciable Capital Assets	135,719,800	10,845,429	(7,707,210)	138,858,019
Depreciable Capital Assets:				
Land Improvements	719,630	0	0	719,630
Buildings and Improvements	24,670,319	616,863	0	25,287,182
Machinery and Equipment	7,718,274	530,806	(106,557)	8,142,523
Furniture and Fixtures	1,463,128	52,140	0	1,515,268
Vehicles	7,131,386	602,534	(318,115)	7,415,805
Total Depreciable Capital Assets	41,702,737	1,802,343	(424,672)	43,080,408
Accumulated Depreciation:				
Land Improvements	(631,174)	(58,082)	0	(689,256)
Buildings and Improvements	(12,969,738)	(585,002)	105,219	(13,449,521)
Machinery and Equipment	(5,709,082)	(443,310)	0	(6,152,392)
Furniture and Fixtures	(1,085,631)	(53,478)	0	(1,139,109)
Vehicles	(4,797,922)	(422,042)	290,763	(4,929,201)
Total Accumulated Depreciation	(25,193,547)	(1,561,914) *	395,982	(26,359,479)
Total Depreciable Capital Assets, Net	16,509,190	240,429	(28,690)	16,720,929
Governmental Capital Assets, Net	$152,228,990	$11,085,858	($7,735,900)	$155,578,948

* Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	$269,800
Judicial	27,633
Public Safety	513,285
Public Works	306,485
Health:	
Alcohol, Drug, and Mental Health	2,974
Board of Developmental Disabilities	145,712
County Home	42,974
Other Health	18,476
Human Services:	
Child Support Enforcement	1,208
Children Services	109,344
Job and Family Services	100,361
Other Human Services	23,662
Total Depreciation Expense	$1,561,914

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017
Business-Type Activity:				
Non-Depreciable Capital Assets:				
Land	$379,120	$0	$0	$379,120
Depreciable Capital Assets:				
Buildings and Improvements	616,181	0	0	616,181
Machinery and Equipment	497,361	14,953	0	512,314
Infrastructure	9,624,227	0	0	9,624,227
Vehicles	65,341	0	0	65,341
Total Depreciable Capital Assets	10,803,110	14,953	0	10,818,063
Accumulated Depreciation:				
Buildings and Improvements	(418,673)	(17,767)	0	(436,440)
Machinery and Equipment	(438,157)	(6,998)	0	(445,155)
Infrastructure	(3,257,112)	(235,979)	0	(3,493,091)
Vehicles	(27,352)	(4,247)	0	(31,599)
Total Accumulated Depreciation	(4,141,294)	(264,991)	0	(4,406,285)
Total Depreciable Capital Assets, Net	6,661,816	(250,038)	0	6,411,778
Business-Type Capital Assets, Net	$7,040,936	($250,038)	$0	$6,790,898

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. During 2017, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 22), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County

Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

	Coverage	Deductible
General Liability	$1,000,000 each occurrence	$2,500
Law Enforcement Liability	1,000,000 each occurrence	2,500
Automobile Liability	1,000,000 each occurrence	2,500
Errors and Omissions Liability	1,000,000/1,000,000	2,500
Property Damage Liability	116,919,318	2,500
Equipment Breakdown	1,000,000	2,500
Crime	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500
Professional Liability	1,000,000	2,500
Medical Professional Liability	3,000,000	2,500

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

The County pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan. WASCO, Inc. was a component unit of the County through July 6, 2016. Their employees are no longer County employees; however, the BDD is responsible for pension contributions for those employees electing to continue in the OPERS plan. This relationship is presented as a special funding situation within the accompanying financial statements.

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

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

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

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

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

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

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

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

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

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

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

The County's contractually required contribution was $2,448,509 for 2017. Of this amount, $320,583 is reported as an intergovernmental payable. The Special Funding Situation contractually required contribution to OPERS was $24,609 for 2017.

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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit was increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent was paid on the fifth anniversary of the retirement benefit. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero.

Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2017, the employer rate was 14 percent and the member rate was 14 percent of covered payroll. The 2017 contribution rates were equal to the statutory maximum rates.

The County’s contractually required contribution to STRS was $85,140 for 2017.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the net pension liability for STRS was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS			
	Contributions made by the County	Special Funding Situation	STRS	Total
Proportion of the Net Pension Liability:				
Current Measurement Date	0.15003445%	0.00082100%	0.00599314%	
Prior Measurement Date	0.15129960%	0.00000000%	0.00693104%	
Change in Proportionate Share	-0.00126515%	0.00082100%	-0.00093790%	
Proportionate Share of the Net Pension Liability	$34,070,272	$186,436	$1,423,684	$35,680,392
Pension Expense	$7,121,527	$60,233	($583,959)	$6,597,801

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

	OPERS Contributions made by the County	OPERS Special Funding Situation	STRS	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$46,180	$253	$54,976	$101,409
Changes of assumptions	5,403,962	29,571	311,375	5,744,908
Net difference between projected and actual earnings on pension plan investments	5,073,849	27,764	0	5,101,613
Changes in proportion and differences between County contributions and proportionate share of contributions	0	69,725	106,196	175,921
County contributions subsequent to the measurement date	2,448,509	24,609	43,258	2,516,376
Total Deferred Outflows of Resources	$12,972,500	$151,922	$515,805	$13,640,227
Deferred Inflows of Resources				
Differences between expected and actual experience	$202,769	$1,110	$11,474	$215,353
Net difference between projected and actual earnings on pension plan investments	0	0	46,983	46,983
Changes in proportion and differences between County contributions and proportionate share of contributions	203,653	0	317,217	520,870
Total Deferred Inflows of Resources	$406,422	$1,110	$375,674	$783,206

$2,516,376 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Contributions made by the County	OPERS Special Funding Situation	STRS	Total
Year Ending December 31:				
2018	$4,123,376	$56,727	$29,828	$4,209,931
2019	4,343,685	57,557	93,744	4,494,986
2020	1,799,234	12,732	3,611	1,815,577
2021	(148,726)	(813)	(30,310)	(179,849)
Total	$10,117,569	$126,203	$96,873	$10,340,645

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 periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, 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.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

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 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:

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 for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$52,049,951	$34,070,272	$19,087,383
Special Funding Situation's proportionate share of the net pension liability	$284,821	$186,436	$104,448

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that 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. 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	$2,040,801	$1,423,684	$903,854

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

OPERS 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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided.

Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015, was $183,330, $377,337, and $326,708, respectively. For 2017, 86.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS) 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. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2019. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

NOTE 14 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plan

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

B. Compensated Absences

County employees follow various personnel policies as established by the County Commissioners, union agreements, or departmental mandates. Some employees of the Board of Developmental Disabilities, Child Support Enforcement, departments are represented by union agreements. Employees of Mental Health, Job and Family Services, Sheriff, Engineer, Board of Developmental Disabilities (union and non-union), Children's Services, County Home departments follow their own departmental policies. All other County employees follow the Commissioners policy.

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Job and Family Services, the Board of Developmental Disabilities (union employees), and Child Support Enforcement employees earn annual leave based on their length of service and can be converted to extended illness leave at the rate of three days credit for each two days of unused leave converted. Upon retirement, with 10 years of service with the County, the State, or any of its political subdivisions, all employees, except for Job and Family Services, Board of Developmental Disabilities employees (non-union and union), Child Support Enforcement (union), and Children Services (hired prior to July 3, 2013) are paid 25% of their sick leave up to a maximum of 240 hours. Board of Developmental Disabilities non-union employees, with 10 years of service with the County, are paid 50% of their sick leave up to a maximum of 480 hours. Board of Developmental Disabilities union employees are paid 25% of their annual leave balance not to exceed 480 hours. Children's Services employees hired prior to July 3, 2013, with 10 years of service with the County, are paid 100% of their sick balances that they had accrued at June 22, 2013. In addition to each employee's June 22, 2013 sick leave balance they are paid 25% of the value of the sick leave accrued but unused between June 23, 2013 and the time of retirement or 240 hours; the lessor of the two numbers. The maximum of such payment shall not exceed 1,000 hours. Child Support Enforcement union employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of 500 hours. Job and Family Services employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of three times the employee's annual leave entitlement.

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

C. Insurance Benefits

During 2017, the County participated with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO) (a risk-sharing pool – see Note 22). CEBCO charges a fixed premium per month per enrolled employee. The premiums, along with an administrative charge, are paid into each participating County funds and, in turn, the premiums are paid to CEBCO. Premiums charged by CEBCO are based upon the County's claims experience. An excess coverage policy covers annual individual claims in excess of $100,000 with an unlimited maximum. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

The County provides employee medical/surgical benefits to employees, except Children Services, through Anthem Blue Cross/Blue Shield. The plan has $1,500 single and $3,000 family deductible limits. Except for employees of the Mental Health, Soldiers Relief, and Health Department, the County pays 80 percent of the total monthly premium for both single and family coverage. The County pays 100 percent for both single and family coverage for employees of the Mental Health Department and Soldiers Relief. The County pays 81 percent for both single and family coverage for employees of the Health Department. Premiums are paid from the same funds that pay the employee's salaries.

The County provides employee life insurance and accidental death and dismemberment insurance to employees, except for life insurance for Children Services and Board of Developmental Disabilities, through Dearborn National in the amount of $10,000 each employee and $30,000 for management employees.

For the employees of the Children Services Department, medical/surgical benefits is provided through Medical mutual of Ohio, dental is provided through Delta Dental, and life insurance through American United Life for $25,000. The County Board of Developmental Disabilities provides life insurance to their employees through CBA Benefit Services, in the amount of $20,000.

Dental insurance is provided to employees of the Department of Job and Family Services, Child Support Enforcement Agency, and the Children Services Board. Vision insurance is provided to employees of the Department of Job and Family Services and the Child Support Enforcement Agency. Dental insurance is provided to employees of the Board of Developmental Disabilities through CBA Benefit Services.

NOTE 15 - LEASES - LESSEE DISCLOSURE

A. *Capital Leases*

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

Equipment acquired by leases has been capitalized in the government wide statements for governmental activities in the amount of $180,000 as of December 31, 2017, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. During 2013, the County entered into a capital lease for the purchase of radio equipment from Motorola for $481,121. The radio equipment acquired by lease in the amount of $301,121 has not been capitalized but a capital lease payable has been recorded in the government-wide statements. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of $108,000 as of December 31, 2017. Principal payments for all capital leases during 2017 totaled $47,065 for governmental activities.

Future minimum lease payments through 2023 are as follows:

	Governmental Activities		
Year	Principal	Interest	Total
2019	$48,708	$9,114	$57,822
2020	50,408	7,414	57,822
2021	52,167	5,655	57,822
2022	53,987	3,834	57,821
2023	55,872	1,950	57,822
Total	$261,142	$27,967	$289,109

B. Operating Leases

During 2016, the County entered into a lease agreement with Broughton Commercial Properties, LLC, to rent a building for the Sheriff’s office. The term of the lease agreement was for twelve months and ended on September 30, 2017, and continued on a month-to-month basis thereafter. The terms of the agreement call for the County to make monthly rent payments of $1,300 for a total of $15,600. During 2017, the County paid $15,600 in rental payments for this lease. On April 1, 2018, the Ohio Attorney General's Office assumed the lease and began making payments. The amount to be paid during 2018 is $3,900 for one quarter.

During 2011, the County entered into a lease agreement with Broughton Commercial Properties, LLC, to rent a building for the Board of Developmental Disabilities. The term of the lease agreement was for nine years and ends on February 28, 2020. The current terms of the agreement calls for the County to make monthly rent payments of $1,545 plus $730 in utility, insurance, and maintenance fees for a total of $2,275 monthly. During 2017, the County paid $26,904 in rental payments for this lease. The amount to be paid during 2018 is $27,306.

NOTE 16 - LONG-TERM OBLIGATIONS

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

	Original Issue Amount	Principal Outstanding 12/31/16	Additions	Deductions	Principal Outstanding 12/31/17	Amounts Due within One Year
Governmental Activities:						
General Obligation Bonds:						
2011 - Various Purpose Refunding Bonds:						
Serial - 2%-2.50%	$1,195,000	$355,000	$0	$180,000	$175,000	$175,000
Term - 2.75%	110,000	110,000	0	0	110,000	0
Term - 2.90%	115,000	115,000	0	0	115,000	0
Term - 3.60%	250,000	250,000	0	0	250,000	0
Bond Premium		12,197	0	1,241	10,956	0
Bond Discount		(7,664)	0	(780)	(6,884)	0
2012 - Capital Facilities Jail Refunding Bonds:						
Serial - 1%-2.50%	2,055,000	1,625,000	0	220,000	1,405,000	220,000
Bond Premium		5,636	0	805	4,831	0
Total General Obligation Bonds		2,465,169	0	401,266	2,063,903	395,000
OPWC Loans:						
2012 - Resurfacing OPWC Loan - 0%	185,400	111,240	0	18,540	92,700	9,270
2015 - County Road Paving Loan - 0%	136,903	123,213	0	13,690	109,523	6,845
2016 - Base Stabilization OPWC - 0%	107,433	107,433	0	10,744	96,689	5,372
Total OPWC Loans	429,736	341,886	0	42,974	298,912	21,487
Net Pension Liability:						
OPERS		26,206,999	8,049,709	0	34,256,708	0
STRS		2,320,028	0	896,344	1,423,684	0
Total Net Pension Liability		28,527,027	8,049,709	896,344	35,680,392	0
Capital Leases		308,207	0	47,065	261,142	0
Compensated Absences - Sick Leave		525,531	2,893	21,106	507,318	30,955
Total Governmental Activities		$32,167,820	$8,052,602	$1,408,755	$38,811,667	$447,442

(continued)

	Original Issue Amount	Principal Outstanding 12/31/16	Additions	Deductions	Principal Outstanding 12/31/17	Amounts Due within One Year
Business-Type Activities:						
OPWC Loans:						
1999 - Cherry Blossom Sewer Loan - 2.00%	$80,370	$16,469	$0	$4,589	$11,880	$4,681
1998 - Barlow Vincent Sewer Plant Loan - 0%	225,000	16,875	0	11,250	5,625	5,625
2012 Woodlawn Acres Sewer Improvements Loan - 0%	440,512	403,803	0	14,684	389,119	14,684
2011 Sanitary System Improvements Loan - 0%	168,053	142,845	0	8,403	134,442	8,402
Total OPWC Loans		579,992	0	38,926	541,066	33,392
1997 - FHA Sewer Loan - 4.5%	873,000	668,000	0	17,500	650,500	19,000
OWDA Loans:						
2004 - OWDA Sewer Loan - 3.41%	283,227	129,081	0	15,379	113,702	7,887
2009 - OWDA Riverview Sewer Rehabilitation Loan - 1.50%	283,024	193,429	0	13,582	179,847	6,867
2010 - OWDA Lift Station and Sewer Improvements Loan - 1.50%	227,595	171,626	0	10,680	160,946	5,400
2011 - OWDA Devola Lift Station Improvements Loan - 3.20%	1,556,231	1,217,922	0	64,407	1,153,515	32,979
Total OWDA Loans		1,712,058	0	104,048	1,608,010	53,133
Compensated Absences - Sick Leave		861	0	477	384	0
Total Business-Type Activities		$2,960,911	$0	$160,951	$2,799,960	$105,525

A. *Governmental Activities*

The 2011 Various Purpose Refunding Bonds are unvoted and are being retired from the General Bond Retirement Fund with general property tax revenues for the Juvenile Center portion and from with rental payments received from the Job and Family Services Special Revenue Fund for their portion. The 2004 Capital Facilities Jail Refunding Bonds are unvoted and was retired from the General Bond Retirement Fund with general property tax revenues in 2014. The 2004 Jail bonds consisted of serial and tem bonds. The term bonds and part of the serial bonds were refunded in 2012. The 2012 Capital Facilities Jail Refunding Bonds are unvoted and will be retired from the General Bond Retirement Fund with general property tax revenues. The OPWC loans are unvoted and will be retired from the Motor Vehicle and Gasoline Tax Fund. The capital leases are being paid for by the General Fund. Compensated absences for sick leave liabilities will be paid from the General Fund and the Mental Health, Job and Family Services, Child Support Enforcement Agency, Motor Vehicle and Gasoline Tax, County Home, Board of Developmental Disabilities, Children Services, Dog and Kennel, 911, Court Corrections, Sheriff, Disaster Services, Retired Senior Volunteer Program, and Real Estate Assessment Special Revenue Funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: the General Fund and the Mental Health, Job and Family Services, Child Support Enforcement Agency, Motor Vehicle and Gasoline Tax, County Home, Board of Developmental Disabilities, Children Services, Dog and Kennel, 911, Court Corrections, Common Pleas Background, Sheriff, Disaster Services, Retired Senior Volunteer Program, and Real Estate Assessment Special Revenue Funds.

2011 Refunding Bonds:

On November 11, 2011, the County issued refunding bonds of $1,670,000 consisting of $1,195,000 in serial bonds and $475,000 in term bonds. The bonds were sold at a premium and discount of $18,605 and $11,690, respectively, and will be amortized over the term of the bonds.

Mandatory Redemptions The Refunding Bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

Year	Amount
2019	$55,000

The remaining principal balance of $55,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

Year	Amount
2021	$55,000

The remaining principal balance of $60,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

Year	Amount
2023	$60,000
2024	60,000
2025	65,000

The remaining principal balance of $65,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding Term Bonds.

Optional Redemption The bonds maturing on or after December 1, 2019, are also subject to prior redemption, by and at the sole option of the County, in whole or in part as selected by the County (in whole multiples of $5,000), on any date on or after December 1, 2018, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

2012 Refunding Bonds:

On April 11, 2012, the County issued refunding bonds of $2,180,000 consisting of $2,055,000 in serial bonds and $125,000 in term bonds. The refunding bonds will mature on December 1, 2023. These bonds were issued to advance refund part of the 2004 Capital Facilities Jail Bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the County. The refunded bonds were retired in 2014.

Mandatory Redemptions The bonds that matured on December 1, 2015, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. The mandatory redemption occurred on December 1, 2015 at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, of $35,000.

Optional Redemption The bonds maturing on or after December 1, 2019, are also subject to prior redemption on or after June 1, 2019, by and at the sole option of the County, either in whole or in part (as selected by the County) on any date and in integral multiples of $5,000, at par plus accrued interest to the redemption date.

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2017, are as follows:

	Various Purpose Refunding Bonds				
Year Ended	Serial		Term		
December 31,	Principal	Interest	Principal	Interest	Total
2018	$175,000	$19,735	$0	$0	$194,735
2019	0	0	55,000	15,360	70,360
2020	0	0	55,000	13,848	68,848
2021	0	0	55,000	12,335	67,335
2022	0	0	60,000	10,740	70,740
2023-2026	0	0	250,000	22,860	272,860
	$175,000	$19,735	$475,000	$75,143	$744,878

	Capital Facilities Jail Refunding Bonds		
Year Ended	Serial		
December 31,	Principal	Interest	Total
2018	$220,000	$30,850	$250,850
2019	225,000	26,450	251,450
2020	230,000	21,950	251,950
2021	235,000	17,350	252,350
2022	250,000	12,063	262,063
2023	245,000	6,125	251,125
	$1,405,000	$114,788	$1,519,788

OPWC:

In June 2012, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $185,400 at zero percent interest for the purpose of resurfacing certain county roads. Principal payments are due July 1 of each year through 2023.

During 2015, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $136,903 at zero percent interest for the purpose of resurfacing certain county roads. Principal payments are due July 1 of each year through 2026.

During 2016, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of $107,433 at zero percent interest for the purpose of resurfacing certain county roads. Principal payments are due July 1 of each year through 2027.

Principal requirements to retire the OPWC Loans at December 31, 2017, are as follows:

Year Ended December 31,	2012 Principal	2015 Principal	2016 Principal	Total
2018	$9,270	$6,845	$5,372	$21,487
2019	18,540	13,690	10,744	42,974
2020	18,540	13,690	10,744	42,974
2121	18,540	13,690	10,744	42,974
2022	18,540	13,690	10,744	42,974
2023-2027	9,270	47,918	48,341	105,529
Total	$92,700	$109,523	$96,689	$298,912

B. <u>Business-Type Activity</u>

The Ohio Public Works Commission Devola loan, Woodlawn Acres loan, and part of the Cherry Blossom loan will be repaid using revenue from a special assessment assessed upon property owners. In the event of default of the property owners, the County would pay the loan using the operating revenues of the sewer district. The Barlow Vincent Sewer loan, Sanitary System Improvements loan, parts of the Cherry Blossom loan, the OWDA Loans, and the FHA loans will be repaid using operating revenues of the sewer district. All of the loans are recorded in the Sewer Enterprise Fund. All of the loans are general obligations except the OWDA Loans.

OWDA:

The 2004 Ohio Water Development Authority (OWDA) Sewer Loan relates to a project for engineering design of various Sewer projects. The loan is payable solely from net revenues along with a onetime charge of $1,000 per household to the residents in the Oxbow area. The loan is payable through 2024.

The 2009 Ohio Water Development Authority (OWDA) Riverview Sewer Rehabilitation Loan relates to the rehabilitation of sewer lines in the Riverview Community. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan is payable through 2030.

The 2010 Ohio Water Development Authority (OWDA) Lift Station and Sewer Improvements Loan relates to the rehabilitation of sewer lines for the Oxbow Sanitary Sewer System. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan is payable through 2031.

The 2011 Ohio Water Development Authority (OWDA) Devola Life Station and Sewer Improvements Loan relates to the rehabilitation of sewer lines for the Devola Sanitary Sewer System. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The County has pledged future customer revenues, net of specified operating expenses, to repay $1,608,007 in OWDA loans issued from 2004 to 2011. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2031. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans are expected to require fifty percent of net revenues in future years. The total principal and interest remaining to be paid on the loans is $1,923,892. Principal and interest payments for the current year were $152,168, net revenues were $305,873, and total revenues were $973,312.

The following is a summary of the County's future annual principal and interest requirements to retire the loans:

Year Ended December 31,	Principal	Interest	Total
2018	$105,525	$51,053	$156,578
2019	155,901	69,540	225,441
2020	158,158	65,736	223,894
2021	159,439	61,698	221,137
2022	164,741	57,645	222,386
2023-2027	833,368	224,073	1,057,441
2028-2032	812,176	112,730	924,906
2033-2037	314,821	32,637	347,458
2038-2042	73,419	0	73,419
2043-2044	22,028	0	22,028
Total	$2,799,576	$675,112	$3,474,688

C. Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The County's total debt margin was $32,491,331 and the unvoted debt margin was $11,881,297 at December 31, 2017.

NOTE 17 - INTERFUND TRANSFERS AND BALANCES

Interfund balances, as of December 31, 2017, consist of the following individual interfund receivables and payables:

	Interfund Receivable					
Transfer Out	General	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Other Nonmajor Governmental	Total
Major Funds:						
General Fund	$0	$600	$5,000	$600	$1,722	$7,922
Motor Vehicle and Gas Tax	654	0	0	0	0	654
Board of Developmental Disabilities	111	0	0	0	0	111
Other Governmental Funds	39,949	0	0	0	458	40,407
Sewer Enterprise Fund	0	0	0	0	359,091	359,091
	$40,714	$600	$5,000	$600	$361,271	$408,185

The interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made.

Certain interfund receivables/payables of a longer term repayment schedule also exist. The Capital Improvements Capital Projects Fund provided interfund loans to the Sewer Enterprise Fund for $359,091 in 2016 for an OWDA loan payment. The Sewer Fund will repay the loan prior to the interfund loan maturity, which is July 31, 2018.

Interfund transfers for the year ended December 31, 2017, consisted of the following:

	Transfer In			
Transfer Out	General	Motor Vehicle and Gasoline Tax	Other Nonmajor Governmental	Total
General Fund	$0	$2,400	$1,762,544	$1,764,944
Other Nonmajor Governmental Funds	84,707	0	0	84,707
Total Governmental	84,707	2,400	1,762,544	1,849,651
Sewer Enterprise Fund	1,892	0	0	1,892
Total All Funds	$86,599	$2,400	$1,762,544	$1,851,543

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

NOTE 18 - SIGNIFICANT COMMITMENTS

A. Contractual Commitments

As of December 31, 2017, the County had a contractual purchase commitment as follows:

Project	Purchase Commitment	Amount Paid as of 12/31/2017	Amount Remaining on Contract
County Road 3 Paving:			
MVGT Fund	$1,051,851	$0	$1,051,851

B. Encumbrances

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

Governmental Funds:	
General	$646,380
Motor Vehicle and Gasoline Tax	422,244
Board of Developmental Disabilities	180,395
County Home	33,002
Mental Health and Addiction Recovery Board	77,194
Nonmajor Governmental Funds	343,008
Total Governmental Funds	1,702,223
Enterprise Fund:	
Sewer	16,786
Total	$1,719,009

NOTE 19 - FINANCIAL GUARANTEE

In April 2014, Washington County guaranteed one year of debt payments equal to $55,291.79 of the Southeastern Ohio Port Authority's Rural Industrial Park Loan of $484,970. The guarantee will remain in effect until the debt is paid in full. The Southeastern Ohio Port Authority is a discretely presented component unit of the County. The County assumes the responsibility to provide financial support to the Authority and has guaranteed the debt of the Authority. The Rural Industrial Park Loan was issued for the completion of the Ingenuity Center located at 300 Commerce Drive in Marietta, Ohio. The Center was built to bring job opportunities to the area by offering manufacturing, distribution, and office space for lease. Under the agreement, principal and interest payments are not required until September 1, 2019, unless the Center is leased. In the event that the Authority cannot lease the Center in order to make the loan payments, the County will be responsible for one year of payments. The County entered into an agreement with the Authority to receive reimbursements for any payments that may be made. The Loan is secured by the Center's mortgage. If the Authority cannot make the loan payments and a sale of the property takes place, the County will be reimbursed for the payments made with proceeds received in excess of the balance owed by the Authority. It was determined that it was not likely the County would be required to pay the loan payments and, therefore, no liability was recognized in the statements. On April 12, 2016, the Center was leased and the Authority began receiving rent.

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Buckeye Hills Regional Council

The Buckeye Hills Regional Council serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The Council is governed by a fifteen member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The Council administers County Community Development Block Grant and Transportation Improvement Program monies. During 2017, the Council received $42,878 in administrative fees from Washington County. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists.

B. Southeastern Ohio Joint Solid Waste Management District

The County is a member of the Southeastern Ohio Joint Solid Waste Management District which consists of Washington, Guernsey, Monroe, Morgan, Muskingum, and Noble Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District provides for management strategies and local government funding on behalf of the participating counties regarding contractual arrangements with private solid waste disposal facilities, which would assure continued access to adequate disposal capacity for the District. The District was created in 1989 as required by the Ohio Revised Code.

The Southeastern Ohio Joint Solid Waste Management District is governed and operated through three groups. An eighteen-member board of directors, composed of the three Commissioners from each County, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2017. No future contributions by the County are anticipated. A thirty-one member policy committee composed of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

C. Washington-Morgan Community Action Corporation

The Community Action Corporation of Washington-Morgan Counties is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program, the Community Action Bus Line (CABL), the Child Development Program, the Senior Nutrition Program, Women, Infants and Childrens' Supplemental Nutrition Program, the Home Weatherization Assistance and Energy Program, the Workforce Innovation and Opportunity Act Program, Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program, and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. The continued existence of the Corporation is not dependent on the County's continued participation and no equity interest exists.

D. Washington County Family and Children First Council

The Washington County Family and Children First Council provide services to multi-need youth in Washington County. Members of the Council include the Washington County Health Department, the Regional Office of Youth Services, the Washington County Juvenile Court, the Washington County Mental Health Board, Washington County Children Services, the General Health District, a representative from the City of Marietta Health Department, and a representative of the Washington County School Districts. The operation of the Council is controlled by an advisory committee which consists of a representative from each agency. In 2017, the County contributed $292,013.

E. Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives and one Washington County Commissioner serves on the Commission. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. In 2017, the County contributed $5,940 to the Commission. The continued existence of the Commission is not dependent on the County's continued participation and no equity interest exists.

F. Buckeye Hills Resource Conservation and Development Council (RC&D)

RC&D is a 501 (c) (3) non-profit entity, serving a nine county region in southeastern Ohio including Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Council was created to identify and solve problems in rural communities including human, economic, natural resources and environmental issues. The RC&D is sponsored by the Boards of County Commissioners and the Soil and Water Conservation Districts in the nine counties, along with the Muskingum Watershed Conservancy District and the Rush Creek Conservancy District. The governing body of RC&D is the Executive Council, made up of 29 members that include three representatives from each county and one representative from each conservancy district. The Executive Council exercises total control over the operations of RC&D including budgetary, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Executive Council. During 2017, the Council received $400 in administrative fees from Washington County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

G. Mid-East Ohio Regional Council (MEORC)

The Mid-East Ohio Regional Council is a council of governments created pursuant to Ohio Revised Code Chapter 167. Participating counties include Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Licking, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington Counties. MEORC was created to provide the best possible services to persons with developmental disabilities in their respective counties. Each county has representation on the MEORC board. Member counties have a contract between its county BDD board and the MEORC for MEORC to provide supported living services or housing to eligible persons in the member counties. To obtain financial information, write to the Mid-East Ohio Regional Council, Cathy Henthorn, who serves as Director of Financial Operations, 1 Avalon Road, Mt. Vernon, Ohio 43050.

H. Ohio Valley Employment Resource (OVER)

The Ohio Valley Employment Resource (OVER) is a jointly governed organization whereby the three county commissioners from Monroe, Morgan, Noble, and Washington Counties serve on the governing board. OVER was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Innovation and Opportunity Act, P.L. 113-128. The continued existence of OVER is not dependent upon the County's continued participation and no equity interest or debt exists.

I. Regional Child Abuse Prevention Council

The Regional Child Abuse Prevention Council of the Ohio Children's Trust Fund is a jointly governed organization whereby up to two County Prevention Specialists may be appointed by the Washington County Commissioners to sit on the council. Currently, Washington County has one appointee. The Regional Child Abuse Prevention Council is the state's sole public funding source dedicated to preventing child abuse and neglect. Each regional council is directed by a regional prevention coordinator or coordinating entity and led by county prevention specialists. The continued existence of the Regional Child Abuse Prevention Council is not dependent upon the County's continued participation and no equity interest or debt exists.

NOTE 21 - RELATED ORGANIZATION

The Washington County Public Library is statutorily created as a separate and distinct political subdivision of the State governed by a board of trustees consisting of seven members. The Washington County Commissioners appoint three members and the Court of Common Pleas appoints the remaining members. The County made no contributions to the Public Library. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the board of trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree.

NOTE 22 - INSURANCE PURCHASING POOLS

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

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2017 was $265,922.

B. <u>County Employee Benefits Consortium of Ohio, Inc. (CEBCO)</u>

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation, and insurance purchasing pool 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 claims contingency reserve fund, as well as the fixed cost of the consortium.

The business and affairs of the consortium are governed by a board composed of representatives of counties that participate in the program. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of 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 County Commissioners Association of Ohio and another is required to be a board member of the County Risk Sharing Authority, Inc.

Upon withdrawal from the Consortium, the County will be responsible for paying the funding rates and assessments, if any, that were applicable during the term of the agreement and shall remain responsible for any assessments made by the board for one or more years of the County's participation in CEBCO.

NOTE 23 - FOOD STAMPS

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

NOTE 24 - CONTINGENT LIABILITIES

A. <u>Federal and State Grants</u>

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

B. <u>Litigation</u>

Lawsuits are pending against the County. Based upon information provided by the County, any potential liability and effect on the financial statements, if any, is not determinable at this time.

NOTE 25 - SUBSEQUENT EVENTS

In March 2018, a lawsuit was filed against the County by the State of Ohio. Based upon information provided by the County, any potential liability and effect on the financial statements, if any, is not determinable at this time.

NOTE 26 - SOUTHEASTERN OHIO PORT AUTHORITY

A. Reporting Entity

The Southeastern Ohio Port Authority, Washington County (the Port Authority), was created during 2003 by the Washington County Commissioners pursuant to Sections 4582.202 through 4582.58, inclusive of the Ohio Revised Code, for the purpose of promoting the manufacturing, commerce, distribution, research, and development interests of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region. Other purposes include inducing the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities to purchase, subdivide, sell, and lease real property in Southeastern Ohio. The Port Authority also strives to erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio.

The Port Authority Board of Directors consists of the number of Directors it deems necessary and they are appointed by the Washington County Commissioners. As such, it is considered a discretely presented component unit of Washington County. Currently, seventeen Directors serve on the Board.

The Port Authority's management believes these financial statements present all activities for which the Southeastern Ohio Port Authority is financially accountable.

B. Summary of Significant Accounting Policies

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

Basis of Presentation

The Port Authority's financial statements consist of government-wide statements, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus

The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Port Authority are included on the Statement of Net Position.

The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The Statement of Cash Flows provides information about how the Port Authority finances and meets the cash flow needs.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Port Authority receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Port Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Port Authority on a reimbursement basis.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Port Authority, deferred inflows of resources consists of pension and are reported on the statement of net position.

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

Budgetary Process

The Ohio Revised Code requires that the Port Authority Board of Directors prepare an annual budget.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

Encumbrances The Ohio Revised Code requires the Port Authority to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

Cash and Cash Equivalents

Cash assets are maintained in non-interest bearing and interest bearing checking and money market accounts.

The Port Authority had no investments during the year or at year end.

Receivables and Payables

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

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. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. All capital assets are depreciated, except land. Depreciation is computed using the straight-line method over five years of the useful lives for Machinery and Equipment and over 50 years for Buildings.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "accrued leave benefits payable". The balances are to be used by employees in the year following the year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Port Authority has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Port Authority's termination policy. The Port Authority records a liability for accumulated, unused sick leave for all employees when they start working per the Port Authority's employee policy.

Pension

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

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and liabilities used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Port Authority does not have restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Port Authority. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses not meeting these definitions are reported as non-operating.

Estimates

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

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 that are either unusual in nature or infrequent in occurrence. The Port Authority did not have any extraordinary or special items in 2017.

C. Deposits and Investments

State statutes classify monies held by the Port Authority into three categories.

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

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

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

Protection of the Port Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

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

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio.

6. The State Treasurer's investment pool (STAROhio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, all of the Port Authority's bank balances of $244,748 were covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

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

Eligible securities pledged to the Port Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Three of the Port Authority's four financial institutions were in the process of joining OPCS; however, at December 31, 2017, the financial institutions still maintained their own 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.

D. Receivables

Receivables at December 31, 2017, consisted of an accounts receivable in the amount of $39,330 arising from the reimbursement of the 2017 Real Estate Taxes. All receivables are considered collectible in full.

E. Capital Assets

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

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017
Non-Depreciable Capital Assets:				
Land	$124,950	$0	$0	$124,950
Depreciable Capital Assets:				
Buildings	2,155,962	0	0	2,155,962
Machinery and Equipment	16,126	732	0	16,858
Total Depreciable Capital Assets	2,172,088	732	0	2,172,820
Accumulated Depreciation:				
Buildings	(116,781)	(43,119)	0	(159,900)
Machinery and Equipment	(11,004)	(1,834)	0	(12,838)
Total Accumulated Depreciation	(127,785)	(44,953)	0	(172,738)
Total Depreciable Capital Assets, Net	2,044,303	(44,221)	0	2,000,082
Capital Assets, Net	$2,169,253	($44,221)	$0	$2,125,032

F. Risk Management

The Port Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port Authority contracts with Peoples Insurance Agency who, on behalf of the Port Authority, negotiates property and casualty insurance coverage with Cincinnati Insurance Company and CNA Insurance Company for management and professional insurance coverage. The following lists the coverage limits and deductibles:

Property ($500 deductible):	
Contents	$50,000
Crime ($250 Deductible):	
Employee Dishonesty / Forgery or Alteration	50,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal & Advertising Injury Limit	1,000,000
Hired and Non-owned Auto Liability	1,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000
Directors & Officers Liability:	
Each Occurrence	1,000,000
Scheduled Retention	2,500/5,000

Bond Coverage for the Secretary/Treasurer is included in Non-Profit Organization and Management Liability Insurance Policy.

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The Port Authority pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

G. Defined Benefit Pension Plan

Net Pension Liability

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

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

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

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

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Port Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Port Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

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

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

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

The Port Authority's contractually required contribution to the Traditional Plan was $4,959 for 2017. Of this amount, $1,168 is reported as an intergovernmental payable. Pension expense for the Member-Directed Plan for 2017 was $4,085.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on the Port Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00024400%
Prior Measurement Date	0.00025300%
Change in Proportionate Share	-0.00000900%
Proportionate Share of the Net Pension Liability	$55,408

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$8,252
Difference between expected and actual experience	75
Change in assumptions	8,788
Port Authority contributions subsequent to the measurement date	4,959
Total Deferred Outflows of Resources	$22,074
Deferred Inflows of Resources	
Differences between expected and actual experience	$330
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	6,129
Total Deferred Inflows of Resources	$6,459

$4,959 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2018	$3,815
2019	4,183
2020	2,900
2021	(242)
Total	$10,656

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 periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, 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.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

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 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:

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 for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Port Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$84,648	$55,408	$31,042

H. <u>Postemployment Benefits</u>

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Substantially all of the Port Authority's contributions allocated to fund post-employment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015, were $381, $631, and $631, respectively. The full amount has been contributed for all three years.

I. Other Employer Benefits

Compensated Absences

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Upon retirement or separation of employment, employees are paid up to a maximum of 240 hours.

Unused vacation time and compensatory time are paid to a terminated employee at their rate of pay at the time of retirement as well up to 80 hours.

J. <u>Long-Term Obligations and Other Obligations</u>

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

	Principal Outstanding 12/31/16	Additions	Deductions	Principal Outstanding 12/31/17	Amounts Due within One Year
Rural Industrial					
Development Loan - 3%	$442,123	$0	$29,133	$412,990	$30,019
Net Pension Liability - OPERS	43,822	11,586	0	55,408	0
Sick Leave Payable	0	1,698	0	1,698	0
Total Long-Term Oblligations	$485,945	$13,284	$29,133	$470,096	$30,019

On April 1, 2014, the Port Authority received a $484,970 Rural Industrial Park Loan from the Ohio Department of Development for completion of the Ingenuity Center located at 300 Commerce Drive in Marietta, Ohio. Only $458,719 was needed and received. Under the agreement, principal and interest payments were not required until September 1, 2019, unless the Center was rented before that date. During 2017, the Center started collecting rent and a new amortization schedule was created. Principal and interest payments required to retire the debt are as follows:

Year	Principal	Interest
2018	$30,019	$12,977
2019	30,932	11,988
2020	31,873	10,969
2021	32,842	9,919
2022	33,842	8,836
2023-2027	185,289	26,764
2028-2029	68,193	1,954
	$412,990	$83,407

<u>Conduit Debt</u>

Pursuant to State statue, the Port Authority has issued revenue bonds, hospital revenue bonds, and obtained an Ohio Water Development Authority (OWDA) loan to provide financial assistance to private sector entities for new construction or improvements. The Port Authority, the State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

As of December 31, 2017, there are $134,525,000 of 2012 Hospital Facilities Revenue Refunding and Improvement Bonds outstanding. These Bonds mature in various annual amounts through 2042, interest is due semiannually at rates ranging from 3% to 6%.

The Port Authority entered into a private/public partnership with Eramet Marietta, LLC, Americas Styrenics, Solvay Advanced Polymers, and Energizer for the construction and rent of Good River Distribution, LLC. Good River Distribution, LLC, is a water production facility located across from the aforementioned industries on the banks of the Ohio River. The Good River Distribution, LLC, water production facility provides process water and fire water to the partner industries. Good River Distribution, LLC, is owned by the Port Authority until such time as the rent is complete.

During 2012, the Port Authority obtained a State Assistance Revenue Bond, Series 2012, in the amount of $4,175,000 to acquire, install, and construct a water screening, service water supply, and pumping system. The interest rate is 4.375% and the maturity date is June, 2027. As of December 31, 2017, $3,040,000 of the revenue bond is outstanding.

During 2012, the Port Authority obtained a loan in the amount of $6,000,000 from the OWDA for construction, maintenance, and operation of Good River Distribution, LLC. The loan will be repaid solely by rent received from members of Good River Distribution, LLC. The maturity date is January, 2028. As of December 31, 2017, $4,104,190 remains on the loan.

During 2015, the Port Authority and Marietta Area Health Care issued $60,000,000 in Hospital Facilities Improvement Bonds. The bonds were issued for the purpose of acquisition, construction, renovation, equipping, and installation of electronic medical records system as well as various improvements to the health care facilities. As of December 31, 2017, $60,000,000 of the revenue bond is outstanding.

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The County reports its roads and bridges infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments and budgeted versus actual expenditures for the preservation of these assets.

County Roads

The Washington County Engineer uses a pavement management system to evaluate the condition of the County's nearly 341 miles of roads considering pavement surface type, condition, traffic factors, maintenance history and professional judgment. All County Roads are rated once every two years, the system rates the condition as follows:

Conditon Category	Condition Index Range	Description of Condition
Failed	<30	Impassable, unsafe, needs major reconstruction
Poor	31-49	Passable, marginally safe, needs major repair
Fair	50-67	Average, functions as designed, needs routine maintenance and repair
Good	68-81	Safe and very suitable for its purpose, needs preventative maintenance
Very Good	82-91	Like new, no repair needed
Excellent	>92	New, no repair needed

It is the goal of the Washington County Engineer that 90% of the County roads are rated at fair or better condition.

Bridges

Bridges are evaluated annually as required by law and following the Ohio Department of Transportation inspection and inventory guidelines. Bridges are rated by a general appraisal as follows:

Bridge General Appraisal Rating	Description of Condition
9	Excellent, new or like new
8	Very good, no problems
7	Good, minor deterioration of structural elements
6	Satisfactory, minor deterioration of structural elements
5	Fair, still functioning as designed, minor section loss to structural elements, non-structural deterioration
4	Poor, needs major repair or manitenance, to continue to function, load reduction may be needed.
3	Serious, needs major rehabilitation to continue to function, may need load reduction
2	Critical, not functioning as designed, load reduction, replacement needed
1	Closed

It is the goal to maintain the Washington County bridges such that 90% have general appraisals of 5 or higher.

The following summarized the road and bridge conditions as of December 31, 2017, 2016, and 2015:

Road Condition as of December 31,

	2017		2016		2015	
Condition Category	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation
Excellent	32%	100%	28%	100%	46%	100%
Very Good	29%	68%	21%	72%	0%	54%
Good	25%	39%	37%	51%	47%	54%
Fair	13%	14%	13%	14%	7%	7%
Poor	1%	1%	1%	1%	0%	0%
Failed	0%	0%	0%	0%	0%	0%

99% of the roads were rated in 2017 as fair or better condition, exceeding the goal of 90% rated as fair or better.

Bridge Condition as of December 31,

Bridge	2017		2016		2015	
General Appraisal	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation
9	2%	2%	4%	4%	3%	3%
8	13%	15%	15%	19%	15%	18%
7	38%	53%	37%	56%	40%	58%
6	33%	86%	31%	87%	27%	85%
5	10%	96%	10%	97%	12%	97%
4	4%	100%	2%	99%	2%	99%
3	0%	100%	0%	100%	0%	100%
2	0%	100%	0%	100%	0%	100%
1	0%	100%	0%	100%	0%	100%

95% of the bridges were rated in 2017 as having a general appraisal of 5 or greater, exceeding the stated goal of 90%

Budget versus actual expenditures for roads and bridges maintenance for the last five years is as follows:

Total Road and Bridge Maintenance Expense	Budgeted	Actual	Difference
2017	$4,976,009	$4,140,971	$835,038
2016	4,801,489	3,851,899	949,590
2015	5,903,408	3,804,716	2,098,692
2014	5,374,935	3,905,964	1,468,971
2013	4,607,435	3,556,188	1,051,247

Washington County, Ohio

Required Supplementary Information

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

Ohio Public Employees Retirement System - Traditional Plan

Last Four Years (1)

	2017	2016	2015	2014
County Contributions:				
County's Proportion of the Net Pension Liability	0.15003445%	0.15129960%	0.15354432%	0.15354432%
County's Proportionate Share of the Net Pension Liability	$34,070,272	$26,206,999	$18,519,161	$18,100,875
County's Covered Payroll	$18,830,509	$15,763,276	$18,087,866	$17,734,513
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	180.93%	166.25%	102.38%	102.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
Special Funding Situation:				
County's Proportion of the Net Pension Liability	0.0008210%			
County's Proportionate Share of the Net Pension Liability	$186,436			

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

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

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

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
County's Proportion of the Net Pension Liability	0.00599314%	0.00693104%	0.00749110%	0.00656247%	0.00656247%
County's Proportionate Share of the Net Pension Liability	$1,423,684	$2,320,028	$2,070,321	$1,596,220	$1,901,407
County's Covered Payroll	$658,871	$729,279	$781,571	$722,077	$669,146
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.08%	318.13%	264.89%	221.06%	284.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

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

	2017	2016	2015	2014	2013
County Contributions:					
Contractually Required Contribution	$2,448,509	$2,357,601	$1,974,734	$2,264,070	$2,392,487
Contributions in Relation to the Contractually Required Contribution	(2,448,509)	(2,357,601)	(1,974,734)	(2,264,070)	(2,392,487)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
County Covered Payroll	$18,117,319	$18,830,509	$15,763,276	$18,087,866	$17,734,513
Contributions as a Percentage of Covered Payroll	13.51%	12.52%	12.53%	12.52%	13.49%
Special Funding Situation:					
Contractually Required Contribution	$24,609	$12,736			
Contributions in Relation to the Contractually Required Contribution	(24,609)	(12,736)			
Contribution Deficiency (Excess)	$0	$0			

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

Washington County, Ohio

Required Supplementary Information

Schedule of County Contributions

State Teachers Retirement System of Ohio

Last Ten Years

	2017	2016	2015	2014
Contractually Required Contribution	$85,140	$100,079	$105,231	$91,999
Contributions in Relation to the Contractually Required Contribution	(85,140)	(100,079)	(105,231)	(91,999)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$608,143	$714,850	$751,650	$675,966
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.61%

2013	2012	2011	2010	2009	2008
$73,975	$76,225	$76,575	$72,436	$73,270	$67,069
(73,975)	(76,225)	(76,575)	(72,436)	(73,270)	(67,069)
$0	$0	$0	$0	$0	$0
$569,038	$586,346	$589,038	$557,200	$563,615	$515,915
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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WASHINGTON COUNTY FINANCIAL CONDITION
WASHINGTON 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 Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE:				
Passed Through Ohio Department of Job and Family Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5593/G-1819-11-5819	$0	$520,843
Total SNAP Cluster			0	520,843
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2017/2018	0	25,178
National School Lunch Program	10.555	2017/2018	0	45,523
Summer Food Service Program for Children	10.559	2017/2018	0	41,711
Total Child Nutrition Cluster			0	112,412
Team Nutrition Grants	10.574	2017/2018	0	6,950
Total U.S. Department of Argiculture			0	640,205
U.S. DEPARTMENT OF HOUSTING AND URBAN DEVELOPMENT				
Passed Through Ohio Department of Development:				
Community Development Block Grants - State's Program	14.228	B-F-15-1CY-1/B-C-16-1CY-1	0	169,395
HOME Investment Partnership Program	14.239	B-C-16-1CY-2	0	170,533
Total U.S. Department of Housing and Urban Development			0	339,928
U.S. DEPARTMENT OF INTERIOR				
Passed Through Ohio Department of Natural Resources				
Payments in Lieu of Taxes	15.226	2017	0	59,791
Total U.S. Department of Interior			0	59,791
U.S. DEPARTMENT OF JUSTICE				
Passed Through Ohio Attorney General's Office:				
Crime Victim Assistance	16.575	2017-VOCA-19815820	0	24,627
		2017-VOCA-43561010	0	73,981
		2018-VOCA-109858997	0	14,626
Total Crime Victim Assistance			0	113,234
Bullet Proof Vest Partnership	16.607	2017	0	971
Total U.S. Department of Justice			0	114,205
U.S. DEPARTMENT OF PUBLIC SAFETY				
Passed Through Ohio Attorney General's Office:				
High Visibility Traffic Safety Grant	20.600	2017	0	2,025
Total U.S. Department of Public Safety			0	2,025
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL TRANSPORTATION ADMINSTRATION				
Passed Through Ohio Department of Transportation:				
Highway Planning and Construction	20.205	PID 98775	0	80,780
		PID 99928	0	179,715
		PID 102950	0	201,326
		PID 103460	0	1,311
Total Highway Planning and Construction			0	463,132
Formula Grants for Rural Areas	20.509	088-RPTF-17-0100	0	222,593
Total U.S. Department of Transportation Federal Transporation Adminstration			0	685,725

WASHINGTON COUNTY FINANCIAL CONDITION
WASHINGTON COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	2017/2018	0	43,588
Special Education - Preschool Grants	84.173	2017/2018	0	11,454
Total Special Education Cluster			0	55,042
Passed Through Ohio Department of Health:				
Special Education - Grants for Infants and Families	84.181	08410021HG0817	5,500	39,651
Total U.S. Department of Education			5,500	94,693
CORPORATION FOR NATURAL AND COMMUNITY SERVICE				
Passed Through Ohio Secretary of State:				
Retired and Senior Volunteer Program	94.002	16SRNOH005	0	55,020
Total Corporation for National and Community Service			0	55,020
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Ohio Attorney General's Office:				
Emergency Management Performance Grant	97.042	EMC-2017-EP-00006-S01	0	41,627
Total U.S. Department of Homeland Security			0	41,627
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Social Services Block Grant				
Passed Through Ohio Department of Developmental Disabilities:				
Social Services Block Grant	93.667	2017	0	40,606
Passed Through Ohio Department of Job and Family Services:				
Social Services Block Grant	93.667	G-1617-11-5593/G-1819-11-5819/G-1617-11-5595	0	605,926
Passed Through Ohio Department of Mental Health and Addiction Services:				
Social Services Block Grant	93.667	2017/2018	37,858	37,858
Total Social Services Block Grant			37,858	684,390
Title XIX - Medical Assistance Program				
Passed Through Ohio Department of Developmental Disabilities:				
Medical Assistance Program	93.778	2017	0	186,045
Passed Through Ohio Department of Job and Family Services:				
Medical Assistance Program	93.778	G-1617-11-5593/G-1819-11-5819	0	893,922
Medical Assistance Program	93.778	G-1617-11-5595/G-1819-11-5821	0	$49,884
Total Title XIX - Medical Assistance Program			0	1,129,851
Passed Through Ohio Department of Mental Health and Addiction Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2017/2018	94,646	173,707
Prevention Specialist Project	93.959	2017/2018	44,196	44,196
Total Block Grants for Prevention and Treatment of Substance Abuse			138,842	217,903
Passed Through Ohio Department of Mental Health and Addiction Services:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	2017	0	2,006
Block Grants for Community Mental Health Services	93.958	2017/2018	40,200	46,369

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through Ohio Department of Job and Family Services:				
WIA/WIOA Youth Activities	17.259	G-1617-11-5593/G-1819-11-5819	0	85,992
Promoting Safe and Stable Families	93.556	G-1617-11-5595/G-1819-11-5821	0	106,363
Temporary Assistance for Needy Families	93.558	G-1617-11-5593/G-1819-11-5819/G-1617-11-5595	0	1,940,789
Child Support Enforcement	93.563	G-1617-11-5594/G-1819-11-5820	0	548,855
Child Care and Development Block Grant	93.575	G-1617-11-5593/G-1819-11-5819	0	52,676
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5595/G-1819-11-5821	0	426,476
Foster Care - Title IV-E	93.658	G-1617-11-5595/G-1819-11-5821	0	742,641
Adoption Assistance	93.659	G-1617-11-5595/G-1819-11-5821	0	247,409
Chafee Foster Care Independence Program	93.674	G-1617-11-5595/G-1819-11-5821	0	13,386
Total U.S. Department of Health and Human Services			216,900	6,245,106
Total Schedule of Expenditures of Federal Awards			**$222,400**	**$8,278,325**

The accompanying notes are an integral part of this Schedule.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following ,as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected 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 Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – MATCHING REQUIREMENTS

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

NOTE F – MEDICAID ADMINISTRATIVE PAYMENTS

During the calendar year, the County Board of Development Disabilities received notice of a liability owed to the Ohio Department of Development Disabilities 2012 and 2013 for the Medicaid Program (CFDA #93.778) in the amount of $2,990 and $2,386, respectively. The Cost Report Settlement liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. The liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

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

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component units**,** each major fund, and the aggregate remaining fund information of Washington 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 September 6, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards.*

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

September 6, 2018

Dave Yost • Auditor of State

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

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 6, 2018

WASHINGTON COUNTY

SCHEDULE OF FINDINGS
2 CFR PART 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 control weaknesses 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)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses 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 Part 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Social Services Block Grant, CFDA #93.667 • Medical Assistance Program, CFDA #93.778	
(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 Part 200.520?**	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None