CLINTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

CLINTON COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Clinton County
46 S. South St.
Wilmington, Ohio 45177

To the County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Clinton County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit - Clinton County Land Reutilization Corporation	Adverse
Discretely Presented Component Unit - Clinton County Port Authority	Unmodified
General Fund	Unmodified
County Board of DD Fund	Unmodified
Motor Vehicle & Gas Tax Fund	Unmodified
JFS Children's Services Fund	Unmodified
Martinsville Midland Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Unit – Clinton County Land Reutilization Corporation

The financial statements omit the financial data relating to one of the County's legally-separate component units, the Clinton County Land Reutilization Corporation. Accounting principles generally accepted in the United States of America require the County's primary-government financial data to include component unit financial data unless the County also issues financial statements that includes the component unit's financial data. The County has not issued complete reporting-entity financial statements. We cannot determine the amounts of assets, liabilities, net position, revenues and expenses that the accompanying statements should present for the omitted discretely- presented component unit in order to comply with accounting principles generally accepted in the United States of America.

Adverse Opinion

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Discretely Presented Component Unit – Clinton County Land Reutilization Corporation*, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely-presented component unit, the Clinton County Land Reutilization Corporation, of Clinton County, Ohio, as of December 31, 2018, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit Clinton County Port Authority, and each major fund of Clinton County, Ohio as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, County Board of DD, Motor Vehicle & Gas Tax, and JFS Children's Services funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

We do not opine or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

September 25, 2019

The discussion and analysis of Clinton County (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position decreased $4,903,637, which represents a 6 percent decrease from 2017. Net position of governmental activities decreased $4,819,469. Net position of business-type activities decreased $84,168.

- Total capital assets decreased $1,516,817 during 2018. Capital assets of governmental activities decreased $1,306,740 and capital assets of business-type activities decreased $210,077.

- Outstanding debt decreased from $7,511,545 to $6,431,572 during 2018.

- The County implemented GASB 75 which reduced beginning net position as previously reported by $8,777,494 and $17,527 for governmental and business-type activities, respectively. Additionally the County began reporting the park district as an agency fund which further reduced beginning net position in governmental activities by $2,028,798.

Using this Annual Financial Report

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

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2018 and how they affected the operations of the County as a whole.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

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

A question typically asked about the County's finances is "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities - Most of the County's basic services are reported here, including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

- Business-Type Activities - The County charges a fee to customers to help cover all or most of the cost of certain services it provides. The County's sewer operations are reported here.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

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

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

The County as a Whole

Recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2018	Restated 2017	Change	2018	Restated 2017	Change
Assets						
Current and Other Assets	$ 74,866,564	$ 74,845,750	$ 20,814	$ 849,941	$ 826,693	$ 23,248
Internal Balances	2,681,336	2,781,336	(100,000)	(2,681,336)	(2,781,336)	100,000
Capital Assets	44,518,995	45,825,735	(1,306,740)	6,969,712	7,179,789	(210,077)
Total Assets	122,066,895	123,452,821	(1,385,926)	5,138,317	5,225,146	(86,829)
Deferred Outflows of Resources						
Deferred Charges	10,440	20,878	(10,438)	0	0	0
Pension & OPEB	4,850,233	9,528,695	(4,678,462)	4,498	18,945	(14,447)
Total Deferred Outflows of Resources	4,860,673	9,549,573	(4,688,900)	4,498	18,945	(14,447)
Liabilities						
Current and Other Liabilities	1,643,911	1,287,902	356,009	6,638	6,119	519
Long-Term Liabilities:						
Due within One Year	1,648,965	1,696,693	(47,728)	0	0	0
Due in More Than One Year:						
Net Pension Liability	15,701,897	22,267,564	(6,565,667)	15,553	44,265	(28,712)
Net OPEB Liability	10,445,206	9,579,374	865,832	10,468	19,138	(8,670)
Other Amounts	6,560,457	7,603,445	(1,042,988)	0	0	0
Total Liabilities	36,000,436	42,434,978	(6,434,542)	32,659	69,522	(36,863)
Deferred Inflows of Resources						
Property Taxes	8,613,595	7,725,188	888,407	0	0	0
Pension & OPEB	4,455,073	164,295	4,290,778	21,660	1,905	19,755
Total Deferred Inflows of Resources	13,068,668	7,889,483	5,179,185	21,660	1,905	19,755
Net Position						
Net Investment in Capital Assets	39,208,215	39,859,882	(651,667)	6,969,712	7,179,789	(210,077)
Restricted	20,395,037	19,706,237	688,800	0	0	0
Unrestricted	18,255,212	23,111,814	(4,856,602)	(1,881,216)	(2,007,125)	125,909
Total Net Position	$ 77,858,464	$ 82,677,933	$ (4,819,469)	$ 5,088,496	$ 5,172,664	$ (84,168)

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For 2018, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the County's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, by $8,777,494 for governmental activities and $2,028,798 for business-type activities, respectively.

At year end, capital assets represented 40 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, software, vehicles and infrastructure. Capital assets, net of related debt were $46,177,927 at December 31, 2018, with $39,208,215 in governmental activities and $6,969,712 in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's net position, $20,395,037 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of $16,373,996 may be used to meet the government's ongoing obligations to citizens and creditors.

Notes receivable decreased due to an additional $1.7 million installment payment for the sale of the hospital. This was partially offset by new loans made by the County to three non-county entities.

Property taxes receivables increased in governmental activities due a new children services levy in 2018. Sales taxes increased in 2018 due to equipment being sold by one of the County's highest paying vendors. Non-depreciable capital assets decreased in governmental funds due to the capital projects being completed in 2018.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2018	2017	Change	2018	2017	Change
Revenues						
Program Revenues:						
Charges for Services	$ 5,725,984	$ 5,897,126	$ (171,142)	$ 283,562	$ 266,039	$ 17,523
Operating Grants	12,463,868	12,069,691	394,177	0	0	0
Capital Grants	282,976	972,163	(689,187)	0	0	0
General Revenues:						
Property Taxes	7,804,673	7,673,202	131,471	0	0	0
Grants and Entitlements	1,728,646	2,723,840	(995,194)	0	0	0
Sales and Other Taxes	6,147,662	6,095,315	52,347	0	0	0
Miscellaneous	302,756	207,104	95,652	4,102	4,102	0
Investment Earnings	1,036,502	873,410	163,092	0	0	0
Total Revenues	35,493,067	36,511,851	(1,018,784)	287,664	270,141	17,523
Program Expenses						
General Government						
Legislative and Executive	8,182,671	7,616,266	566,405	0	0	0
Judicial	4,076,567	4,063,861	12,706	0	0	0
Public Safety	7,382,519	6,749,568	632,951	0	0	0
Public Works	6,789,643	5,171,687	1,617,956	0	0	0
Health	4,575,769	4,369,912	205,857	0	0	0
Human Services	9,097,771	9,576,520	(478,749)	0	0	0
Conservation and Recreation	0	4,776	(4,776)	0	0	0
Interest and Fiscal Charges	207,596	237,059	(29,463)	0	0	0
Enterprise Operations:						
Sewer	0	0	0	371,832	300,182	71,650
Total Program Expenses	40,312,536	37,789,649	2,522,887	371,832	300,182	71,650
Change in Net Position	(4,819,469)	(1,277,798)	(3,541,671)	(84,168)	(30,041)	(54,127)
Net Position Beginning of Year	82,677,933	94,762,023	(12,084,090)	5,172,664	5,220,232	(47,568)
Restatement - See Note 2	0	(10,806,292)	10,806,292	0	(17,527)	17,527
Net Position End of Year	$ 77,858,464	$ 82,677,933	$ (4,819,469)	$ 5,088,496	$ 5,172,664	$ (84,168)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $807,122 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $1,574,393. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 Expenses under GASB 75	$ 40,312,536	$ 371,832
OPEB Expense under GASB 75	(907,073)	2,027
Adjusted 2018 Expenses	39,405,463	373,859
Total 2017 Expenses under GASB 45	37,789,649	300,182
Increase/(Decrease) in Expenses not Related to OPEB	$ 1,615,814	$ 73,677

Governmental Activities

Capital grants decreased from 2017 to 2018 due to a decrease of Ohio Department of Transportation projects in 2018.

Property tax and sales tax revenues accounted for majority of governmental revenues.

Grants and entitlements not restricted decreased due to extra amounts received from the State to compensate counties for the lost Medicaid sales tax in 2017.

Public works expenses increased due to additional road repairs projects in 2018 compared to 2017.

Business-Type Activities

Business-type activities consist of sewer operations. The revenues are generated primarily from charges for services. In 2018, charges for services of $283,562 accounted for almost 100 percent of the business-type revenues. The total expenses for sewer increased due to additional repairs and maintenance in 2018.

The County's Funds

Governmental Funds

Information about the County's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues and other financing sources of $38,981,650 and expenditures and other financing uses of $38,924,407. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The general fund's net change in fund balance for 2018 was an increase of $1,301,298. This increase is mainly due to the County receiving another installment payment of $1,700,000 from the sale of the former County hospital.

The fund balance of the County board of developmental disabilities fund decreased by $396,326 due to transfers to the County board of developmental disabilities capital projects fund.

The motor vehicle and gas tax fund's net change in fund balance for 2018 was an increase of $699,873 due to the timing of revenues versus road project expenditures each year.

The JFS children service fund's net change in fund balance was a decrease of $382,437.

Proprietary Funds

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

Unrestricted net position of the sewer fund was a deficit of $1,881,216. The total decrease in net position for the sewer fund was $84,168.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of Commissioners adopts a permanent annual operating budget for the County on or about January 1. The most significant budgeted fund is the general fund.

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to the original appropriations.

Final Budget Compared to Actual Results There were no significant variances to discuss between final budget amounts and actual amounts.

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

Capital Assets and Debt Administration

Capital Assets

Table 3 shows 2018 balances compared with 2017.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Land	$ 2,249,946	$ 2,247,029	$ 396,710	$ 396,710	$ 2,646,656	$ 2,643,739
Construction in Progress	414,103	1,020,705	0	0	414,103	1,020,705
Land Improvements	789,858	788,105	0	0	789,858	788,105
Buildings and Improvements	16,596,147	16,396,390	0	0	16,596,147	16,396,390
Equipment	3,351,472	3,763,249	4,977	5,882	3,356,449	3,769,131
Software	126,561	199,192	0	0	126,561	199,192
Vehicles	1,486,669	1,469,739	0	0	1,486,669	1,469,739
Infrastructure	19,504,239	19,941,326	6,568,025	6,777,197	26,072,264	26,718,523
Total	$ 44,518,995	$ 45,825,735	$ 6,969,712	$ 7,179,789	$ 51,488,707	$ 53,005,524

See Note 9 for additional information about the capital assets of the County.

Debt

See Notes 10 and 12 for additional details. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt, at December 31

	Governmental Activities	
	2018	2017
General Obligation Bonds	$ 6,420,000	$ 7,485,000
Capital Leases	11,572	26,545
Total	$ 6,431,572	$ 7,511,545

Contacting the County's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Honorable Terence Habermehl, Clinton County Auditor, at 46 S. South Street, Wilmington, Ohio 45177-2296.

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Clinton County, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit Port Authority
Assets				
Equity in Pooled Cash and Investments	$ 50,409,944	$ 521,147	$ 50,931,091	$ 3,786,317
Cash and Investments with Fiscal Agents	2,435,489	0	2,435,489	0
Notes Receivable	4,301,433	0	4,301,433	0
Accounts Receivable	177,852	328,794	506,646	232,936
Accrued Interest Receivable	184,510	0	184,510	0
Intergovernmental Receivable	5,732,902	0	5,732,902	750,687
Property Taxes Receivable	9,191,662	0	9,191,662	0
Sales Tax Receivable	1,775,709	0	1,775,709	0
Special Assessments Receivable	107,924	0	107,924	0
Loans Receivable	0	0	0	37,113
Internal Balances	2,681,336	(2,681,336)	0	0
Prepaid Items	160,743	0	160,743	73,652
Materials and Supplies Inventory	388,396	0	388,396	0
Non-Depreciable Capital Assets	2,664,049	396,710	3,060,759	15,586,699
Depreciable Capital Assets, Net	41,854,946	6,573,002	48,427,948	1,019,016,978
Total Assets	122,066,895	5,138,317	127,205,212	1,039,484,382
Deferred Outflows of Resources				
Deferred Charges on Refunding	10,440	0	10,440	0
Pension	3,959,905	3,728	3,963,633	52,324
OPEB	890,328	770	891,098	15,112
Total Deferred Outflows of Resources	4,860,673	4,498	4,865,171	67,436
Liabilities				
Accounts Payable	817,974	6,385	824,359	206,011
Accrued Wages	326,176	220	326,396	0
Contracts Payable	338,191	0	338,191	0
Intergovernmental Payable	96,402	33	96,435	0
Accrued Interest Payable	17,474	0	17,474	24,637
Matured Compensated Absences Payable	47,694	0	47,694	0
Property Taxes Payable	0	0	0	283,681
Deposits Held and Due to Others	0	0	0	98,234
Long-Term Liabilities:				
Due Within One Year	1,648,965	0	1,648,965	536,268
Due In More Than One Year:				
Net Pension Liability	15,701,897	15,553	15,717,450	242,284
Net OPEB Liability	10,445,206	10,468	10,455,674	199,612
Other Amounts Due in More Than One Year	6,560,457	0	6,560,457	11,541,362
Total Liabilities	36,000,436	32,659	36,033,095	13,132,089
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	8,613,595	0	8,613,595	0
Pension	3,657,376	14,519	3,671,895	56,790
OPEB	797,697	7,141	804,838	14,870
Total Deferred Inflows of Resources	13,068,668	21,660	13,090,328	71,660
Net Position				
Net Investment in Capital Assets	39,208,215	6,969,712	46,177,927	1,022,505,658
Restricted for:				
Capital Projects	67,005	0	67,005	0
Public Service Programs	4,684,485	0	4,684,485	0
Transportation Projects	5,040,982	0	5,040,982	0
Health Programs	8,290,932	0	8,290,932	0
General Government	1,620,923	0	1,620,923	0
Security Programs	690,710	0	690,710	0
Other Purposes	0	0	0	44,769
Unrestricted	18,255,212	(1,881,216)	16,373,996	3,797,642
Total Net Position	$ 77,858,464	$ 5,088,496	$ 82,946,960	$ 1,026,348,069

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Activities
For the Year Ended December 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	Port Authority
Governmental Activities								
General Government								
Legislative and Executive	$ 8,182,671	$ 2,148,113	$ 38,971	$ 0	$ (5,995,587)	$ 0	$ (5,995,587)	$ 0
Judicial	4,076,567	294,256	530,914	0	(3,251,397)	0	(3,251,397)	0
Public Safety	7,382,519	1,459,097	972,465	0	(4,950,957)	0	(4,950,957)	0
Public Works	6,789,643	834,380	4,756,961	282,976	(915,326)	0	(915,326)	0
Health	4,575,769	593,788	1,117,581	0	(2,864,400)	0	(2,864,400)	0
Human Services	9,097,771	396,350	5,046,976	0	(3,654,445)	0	(3,654,445)	0
Interest and Fiscal Charges	207,596	0	0	0	(207,596)	0	(207,596)	0
Total Governmental Activities	40,312,536	5,725,984	12,463,868	282,976	(21,839,708)	0	(21,839,708)	0
Business-Type Activities								
Sewer	371,832	283,562	0	0	0	(88,270)	(88,270)	0
Total Primary Government	$ 40,684,368	$ 6,009,546	$ 12,463,868	$ 282,976	(21,839,708)	(88,270)	(21,927,978)	0
Component Unit								
Port Authority	$ 31,891,422	$ 7,011,519	$ 0	$ 47,451	0	0	0	(24,832,452)
		General Revenues:						
		Property Taxes Levied for:						
		General Fund			2,642,415	0	2,642,415	0
		Health - County Board of DD			2,958,153	0	2,958,153	0
		Human Services - Children Services			1,100,812	0	1,100,812	0
		Human Services - Senior Services			1,103,293	0	1,103,293	0
		Grants and Entitlements not Restricted to Specific Programs			1,728,646	0	1,728,646	0
		Sales and Other Taxes			6,147,662	0	6,147,662	0
		Miscellaneous			302,756	4,102	306,858	148,032
		Investment Earnings			1,036,502	0	1,036,502	14,015
		Total General Revenues			17,020,239	4,102	17,024,341	162,047
		Change in Net Position			(4,819,469)	(84,168)	(4,903,637)	(24,670,405)
		Net Position Beginning of Year (Restated, see Note 2)			82,677,933	5,172,664	87,850,597	1,051,018,474
		Net Position End of Year			$ 77,858,464	$ 5,088,496	$ 82,946,960	$ 1,026,348,069

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	County Board of DD	Motor Vehicle & Gas Tax	JFS Children Services	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	$ 21,917,722	$ 5,298,917	$ 2,415,510	$ 399,191	$ 20,378,604	$ 50,409,944
Cash and Investments with Fiscal Agents	0	2,435,489	0	0	0	2,435,489
Accounts Receivable	45,052	47,250	43,679	788	41,083	177,852
Accrued Interest Receivable	184,510	0	0	0	0	184,510
Intergovernmental Receivable	696,040	343,608	1,657,756	277,265	2,758,233	5,732,902
Property Taxes Receivable	2,333,315	3,424,504	0	2,281,719	1,152,124	9,191,662
Sales Tax Receivable	1,775,709	0	0	0	0	1,775,709
Special Assessments Receivable	0	0	0	0	107,924	107,924
Notes Receivable	4,301,433	0	0	0	0	4,301,433
Interfund Receivable	76,444	0	0	0	0	76,444
Prepaid Items	90,657	42,860	1,452	0	25,774	160,743
Materials and Supplies Inventory	0	0	388,396	0	0	388,396
Advances to Other Funds	2,681,336	0	0	0	0	2,681,336
Total Assets	$ 34,102,218	$ 11,592,628	$ 4,506,793	$ 2,958,963	$ 24,463,742	$ 77,624,344
Liabilities						
Accounts Payable	$ 218,541	$ 62,114	$ 17,133	$ 72,951	$ 447,235	$ 817,974
Accrued Wages	170,541	50,985	33,148	0	71,502	326,176
Contracts Payable	0	335,763	0	0	2,428	338,191
Intergovernmental Payable	73,390	5,401	5,079	306	12,226	96,402
Interfund Payable	0	0	0	0	76,444	76,444
Matured Compensated Absences Payable	6,310	0	19,220	0	22,164	47,694
Total Liabilities	468,782	454,263	74,580	73,257	631,999	1,702,881
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year	2,152,389	3,230,603	0	2,152,389	1,078,214	8,613,595
Unavailable Revenue	1,344,545	359,341	1,139,837	377,061	2,285,633	5,506,417
Hospital Sale	3,400,000	0	0	0	0	3,400,000
Total Deferred Inflows of Resources	6,896,934	3,589,944	1,139,837	2,529,450	3,363,847	17,520,012
Fund Balances						
Nonspendable	3,843,162	42,860	389,848	0	25,774	4,301,644
Restricted	0	7,505,561	2,902,528	356,256	5,315,561	16,079,906
Committed	577,980	0	0	0	8,332,047	8,910,027
Assigned	3,277,271	0	0	0	6,845,440	10,122,711
Unassigned	19,038,089	0	0	0	(50,926)	18,987,163
Total Fund Balances	26,736,502	7,548,421	3,292,376	356,256	20,467,896	58,401,451
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 34,102,218	$ 11,592,628	$ 4,506,793	$ 2,958,963	$ 24,463,742	$ 77,624,344

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances		$ 58,401,451
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.		44,518,995
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	$ 578,067	
Sales Tax	687,489	
Intergovernmental	4,132,937	
Special Assessments	107,924	
Note Receivable - Sale of Hospital	3,400,000	8,906,417
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(17,474)
Unamortized gain/loss on refunding represents deferred outflows, which do not provide current financial resources and, therefore, are not reported in the funds.		10,440
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	3,959,905	
Deferred Outflows - OPEB	890,328	
Net Pension Liability	(15,701,897)	
Net OPEB Liability	(10,445,206)	
Deferred Inflows - Pension	(3,657,376)	
Deferred Inflows - OPEB	(797,697)	(25,751,943)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(6,420,000)	
Bond Premium	(241,402)	
Capital Leases	(11,572)	
Compensated Absences	(1,536,448)	(8,209,422)
Net Position of Governmental Activities		$ 77,858,464

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	County Board of DD	Motor Vehicle & Gas Tax	JFS Children Services	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$ 2,655,035	$ 2,970,817	$ 0	$ 1,038,411	$ 1,108,206	$ 7,772,469
Sales Taxes	6,012,531	0	0	0	0	6,012,531
Special Assessments	0	0	0	0	108,893	108,893
Charges for Services	1,509,003	208,578	331,240	85,612	1,648,359	3,782,792
Licenses and Permits	995,347	204,390	30,875	0	23,569	1,254,181
Fines and Forfeitures	74,492	0	207,851	0	21,335	303,678
Intergovernmental	1,661,372	1,127,838	3,899,676	1,771,728	5,711,009	14,171,623
Interest	1,036,502	0	34,765	0	1,132	1,072,399
Rent	338,533	46,800	0	0	0	385,333
Contributions and Donations	700	0	0	0	8,404	9,104
Payments in Lieu of Taxes	0	0	663	0	0	663
Other	149,172	2,856	4,993	9,921	135,814	302,756
Total Revenues	14,432,687	4,561,279	4,510,063	2,905,672	8,766,721	35,176,422
Expenditures						
Current:						
General Government						
Legislative and Executive	5,664,331	0	0	0	1,217,084	6,881,415
Judicial	2,852,463	0	0	0	655,909	3,508,372
Public Safety	5,799,806	0	0	0	325,493	6,125,299
Public Works	0	0	3,065,005	0	874,640	3,939,645
Health	21,640	3,897,718	0	0	131,283	4,050,641
Human Services	299,378	0	0	3,288,109	4,768,145	8,355,632
Capital Outlay	179,345	335,763	745,185	0	1,386,389	2,646,682
Debt Service:						
Principal Retirement	13,885	0	0	0	1,066,088	1,079,973
Interest and Fiscal Charges	1,535	0	0	0	239,849	241,384
Total Expenditures	14,832,383	4,233,481	3,810,190	3,288,109	10,664,880	36,829,043
Excess of Revenues Over (Under) Expenditures	(399,696)	327,798	699,873	(382,437)	(1,898,159)	(1,652,621)
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	8,988	876	0	0	0	9,864
Proceeds from Sale of Hospital	1,700,000	0	0	0	0	1,700,000
Other Financing Sources	0	0	0	0	1,361,000	1,361,000
Other Financing Uses	0	0	0	0	(1,361,000)	(1,361,000)
Transfers In	685	0	0	0	733,679	734,364
Transfers Out	(8,679)	(725,000)	0	0	(685)	(734,364)
Total Other Financing Sources (Uses)	1,700,994	(724,124)	0	0	732,994	1,709,864
Net Change in Fund Balance	1,301,298	(396,326)	699,873	(382,437)	(1,165,165)	57,243
Fund Balance Beginning of Year (Restated see Note 2)	25,435,204	7,944,747	2,592,503	738,693	21,633,061	58,344,208
Fund Balance End of Year	$ 26,736,502	$ 7,548,421	$ 3,292,376	$ 356,256	$ 20,467,896	$ 58,401,451

See accompanying notes to the basic financial statements.

Clinton County, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 57,243
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.		
Capital Asset Additions	$ 2,071,225	
Current Year Depreciation	(3,037,276)	(966,051)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(340,689)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	32,204	
Sales Tax	134,468	
Intergovernmental	147,975	
Sale of Hospital	(1,700,000)	
Special Assessments	1,998	(1,383,355)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,065,000	
Capital Lease	14,973	1,079,973
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	2,510	
Amortization of Premium on Bonds	41,716	
Amortization of Refunding Loss	(10,438)	33,788
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		1,857,453
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,551,777)	
OPEB	(1,575,081)	(5,126,858)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		(30,973)
Change in Net Position of Governmental Activities		$ (4,819,469)

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$ 2,613,825	$ 2,677,381	$ 2,677,383	$ 2
Sales Taxes	6,200,000	5,849,304	5,849,304	0
Charges for Services	859,665	879,228	879,228	0
Licenses and Permits	877,860	981,586	981,586	0
Fines and Forfeitures	84,000	74,706	74,706	0
Intergovernmental	1,311,490	1,517,137	1,517,137	0
Interest	550,000	999,815	1,000,910	1,095
Rent	368,400	348,333	348,333	0
Contributions and Donations	0	700	700	0
Other	20,000	106,570	106,570	0
Total Revenues	12,885,240	13,434,760	13,435,857	1,097
Expenditures				
Current:				
General Government				
Legislative and Executive	5,500,768	5,699,755	6,101,204	(401,449)
Judicial	2,853,781	3,018,603	2,900,335	118,268
Public Safety	5,489,211	5,568,875	5,433,900	134,975
Human Services	354,306	356,959	303,105	53,854
Capital Outlay	136,715	228,550	226,538	2,012
Total Expenditures	14,334,781	14,872,742	14,965,082	(92,340)
Excess of Revenues Over (Under) Expenditures	(1,449,541)	(1,437,982)	(1,529,225)	(91,243)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	8,812	8,812	0
Proceeds from Sale of Hospital	1,700,000	1,737,131	1,737,131	0
Advances In	100,000	113,827	113,827	0
Transfers In	0	685	685	0
Advances Out	0	(713,787)	(92,778)	621,009
Transfers Out	(193,000)	(193,000)	(193,679)	(679)
Total Other Financing Sources (Uses)	1,607,000	953,668	1,573,998	620,330
Net Change in Fund Balance	157,459	(484,314)	44,773	529,087
Fund Balance Beginning of Year	13,986,876	13,986,876	13,986,876	0
Prior Year Encumbrances Appropriated	276,382	276,382	276,382	0
Fund Balance End of Year	$ 14,420,717	$ 13,778,944	$ 14,308,031	$ 529,087

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual County Board of Developmental Disabilities Fund For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$ 2,990,385	$ 3,004,277	$ 3,004,277	$ 0
Charges for Services	148,488	190,253	190,253	0
Licenses and Permits	200,000	204,390	204,390	0
Intergovernmental	917,935	804,748	954,109	149,361
Rent	54,000	46,800	46,800	0
Other	30,000	165,561	16,200	(149,361)
Total Revenues	4,340,808	4,416,029	4,416,029	0
Expenditures				
Current:				
Health	3,619,188	4,441,481	4,226,405	215,076
Capital Outlay	0	114,176	114,176	0
Total Expenditures	3,619,188	4,555,657	4,340,581	215,076
Excess of Revenues Over (Under) Expenditures	721,620	(139,628)	75,448	215,076
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	876	876	0
Transfers Out	(725,000)	(725,000)	(725,000)	0
Total Other Financing Sources (Uses)	(725,000)	(724,124)	(724,124)	0
Net Change in Fund Balance	(3,380)	(863,752)	(648,676)	215,076
Fund Balance Beginning of Year	5,227,179	5,227,179	5,227,179	0
Prior Year Encumbrances Appropriated	461,222	461,222	461,222	0
Fund Balance End of Year	$ 5,685,021	$ 4,824,649	$ 5,039,725	$ 215,076

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gas Tax Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Payments in Lieu of Taxes	$ 0	$ 663	$ 663	$ 0
Charges for Services	321,650	340,643	340,643	0
Fines and Forfeitures	180,000	212,189	212,189	0
Intergovernmental	3,804,130	3,873,295	3,905,275	31,980
Interest	2,250	34,765	34,765	0
Other	7,000	13,372	4,993	(8,379)
Total Revenues	4,315,030	4,474,927	4,498,528	23,601
Expenditures				
Current:				
Public Works	4,198,148	4,236,691	3,208,755	1,027,936
Capital Outlay	949,500	959,500	745,185	214,315
Total Expenditures	5,147,648	5,196,191	3,953,940	1,242,251
Net Change in Fund Balance	(832,618)	(721,264)	544,588	1,265,852
Fund Balance Beginning of Year	1,758,479	1,758,479	1,758,479	0
Prior Year Encumbrances Appropriated	60,334	60,334	60,334	0
Fund Balance End of Year	$ 986,195	$ 1,097,549	$ 2,363,401	$ 1,265,852

See accompanying notes to the basic financial statements.

Clinton County, Ohio

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
JFS Children Services Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$ 1,019,877	$ 1,019,877	$ 1,028,544	$ 8,667
Charges for Services	23,000	23,000	84,824	61,824
Intergovernmental	1,960,191	1,960,191	1,842,108	(118,083)
Other	15,000	15,000	9,921	(5,079)
Total Revenues	3,018,068	3,018,068	2,965,397	(52,671)
Expenditures				
Current:				
Human Services	3,309,068	3,626,872	3,433,726	193,146
Capital Outlay	9,000	9,000	0	9,000
Total Expenditures	3,318,068	3,635,872	3,433,726	202,146
Net Change in Fund Balance	(300,000)	(617,804)	(468,329)	149,475
Fund Balance Beginning of Year	559,519	559,519	559,519	0
Prior Year Encumbrances Appropriated	133,191	133,191	133,191	0
Fund Balance End of Year	$ 392,710	$ 74,906	$ 224,381	$ 149,475

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Enterprise Fund Martinsville-Midland Sewer
Assets	
Current Assets:	
Equity in Pooled Cash and Investments	$ 521,147
Accounts Receivable	328,794
Total Current Assets	849,941
Non-Current Assets:	
Non-Depreciable Capital Assets	396,710
Depreciable Capital Assets, Net	6,573,002
Total Non-Current Assets	6,969,712
Total Assets	7,819,653
Deferred Outflows of Resources	
Pension	3,728
OPEB	770
Total Deferred Outflows of Resources	4,498
Liabilities	
Current Liabilities:	
Accounts Payable	6,385
Accrued Wages	220
Intergovernmental Payable	33
Advances from Other Funds	100,000
Total Current Liabilities	106,638
Long-Term Liabilities:	
Advances from Other Funds - Net of Current Portion	2,581,336
Net Pension Liability	15,553
Net OPEB Liability	10,468
Total Long-Term Liabilities	2,607,357
Total Liabilities	2,713,995
Deferred Inflows of Resources	
Pension	14,519
OPEB	7,141
Total Deferred Inflows of Resources	21,660
Net Position	
Net Investment in Capital Assets	6,969,712
Unrestricted	(1,881,216)
Total Net Position	$ 5,088,496

See accompanying notes to the basic financial statements.

Clinton County, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2018

	Martinsville-Midland Sewer
Operating Revenues	
Charges for Services	$ 283,562
Other	4,102
Total Operating Revenues	287,664
Operating Expenses	
Personal Services	17,578
Contractual Services	138,573
Materials and Supplies	5,604
Depreciation	210,077
Total Operating Expenses	371,832
Change in Net Position	(84,168)
Net Position Beginning of Year (Restated, see Note 2)	5,172,664
Net Position End of Year	$ 5,088,496

See accompanying notes to the basic financial statements.

Clinton County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Enterprise Funds
	Martinsville-Midland Sewer
Cash Flows from Operating Activities	
Cash Received from Customers	$ 240,029
Cash Received from Other Operating Receipts	4,102
Cash Payments to Suppliers for Goods and Services	(5,909)
Cash Payments to Employees for Services and Benefits	(20,719)
Cash Payments for Contractual Services	(137,788)
Net Cash Provided by Operating Activities	79,715
Cash Flows from Noncapital Financing Activities	
Advances Out	(100,000)
Net (Decrease) in Cash and Investments	(20,285)
Cash and Investments Beginning of Year	541,432
Cash and Investments End of Year	$ 521,147

Reconciliation of Operating (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating (Loss)	$ (84,168)
Adjustments:	
Depreciation	210,077
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	(43,533)
Deferred Outflows - Pension/OPEB	14,447
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	480
Accrued Wages	33
Intergovernmental Payable	6
Deferred Inflows - Pension/OPEB	19,755
Net Pension Liability	(28,712)
Net OPEB Liability	(8,670)
Net Cash Provided by Operating Activities	$ 79,715

See accompanying notes to the basic financial statements.

Clinton County, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2018

	Private Purpose Trust	Agency Funds
Assets		
Equity in Pooled Cash and Investments	$ 21,445	$ 4,275,328
Cash in Segregated Accounts	0	626,434
Intergovernmental Receivable	0	1,673,442
Property and Other Local Taxes Receivable	0	33,501,785
Special Assessments Receivable	0	818,940
Total Assets	21,445	$ 40,895,929
Liabilities		
Accounts Payable	0	$ 4,178
Intergovernmental Payable	0	4,600,841
Deposits Held and Due to Others	0	36,089,720
Undistributed Monies	0	201,190
Total Liabilities	0	$ 40,895,929
Net Position		
Held in Trust for Scholarships	$ 21,445	

See accompanying notes to the basic financial statements.

Clinton County, Ohio

Statement of Changes in Fiduciary Net Position

Private Purpose Trust Fund

For the Year Ended December 31, 2018

		Private Purpose Trust
Additions		
Contributions and Donations	$	31,000
Interest		83
Total Additions		31,083
Deductions		
Payments in Accordance with Trust Agreements		19,821
Change in Net Position		11,262
Net Position Beginning of Year		10,183
Net Position End of Year	$	21,445

See accompanying notes to the basic financial statements.

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NOTE 1 - DESCRIPTION OF THE COUNTY

Clinton County, Ohio (the "County") was created in 1812. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, two common pleas court judges, a probate court judge and a county municipal court judge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

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

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

Blended Component Units

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

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

Discretely Presented Component Unit

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

Clinton County Land Reutilization Corporation **-** The Clinton County Land Reutilization Corporation ("Land Bank") was developed. The Land Bank qualifies as a discretely presented component unit, however has not been presented in the financial statements or note disclosures since activity is deemed insignificant.

Related Organizations

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

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

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

Potential Component Units Reported as Agency Funds

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

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

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

Jointly Governed Organization

The County is a member of the Southern Ohio Council of Governments (the SOCOG), which is a jointly governed organization under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member Board with each participating County represented by its Director of its Board of Developmental Disabilities (DD). Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton Counties. The SOCOG acts as fiscal agent for the Clinton County Board of DD's supportive living program monies. During 2018, the SOCOG did not receive any supportive living monies from Clinton County and as of December 31, 2018, the County had a $2,435,489 balance on hand with the SOCOG. Financial statements can be obtained from the SOCOG at 126 E. Second St., Suite C, Chillicothe, Ohio, 45601.

Joint Venture Without Equity Interest

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

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

Risk Pool

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by 63 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. This program is more fully described in Note 13.

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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

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

The following are the County's major governmental funds:

> ***General*** **-** The General fund is used to account for and report all financial resources not accounted for and reported in another fund. The General fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***County Board of Developmental Disabilities (DD)*** **-** This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

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

JFS Children Services – This fund accounts for a County-wide property tax levy, Federal and State grants, support collections, Veteran's Administration and Social Security. Major expenditures are for foster homes, emergency shelters, medical care, school supplies, counseling and parental training.

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

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

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has the following major enterprise fund:

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's private purpose trust funds account for financial assistance to foster families and to provide services to the developmental disabilities community. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

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

D. Measurement Focus

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

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

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

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

E. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/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 deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 14 and 15.

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, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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 may include delinquent property taxes, sales taxes, special assessments, intergovernmental grants, proceeds from sale of the hospital and miscellaneous revenues. 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 balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15).

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

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

F. Budgetary Data

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

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

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

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

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

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the final amended certificate issued during 2018.

Appropriations **-** A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2018 are included in the final budget amounts in the budget-to-actual comparisons.

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

G. Cash and Investments

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

During 2018, investments were limited to federal agency securities.

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

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during 2018 amounted to $1,036,502 which includes $763,975 assigned from other County funds.

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

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

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

H. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of $5,000. The County's infrastructure consists of roads, bridges, culverts, and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

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

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

The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2018, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2018, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

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

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

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Pensions/Other Postemployment Benefits (OPEB)

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

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

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

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

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

O. Interfund Transactions

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

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

P. Fund Balance

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

> ***Nonspendable*** **-** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the General fund.
>
> ***Restricted*** **-** Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
>
> ***Committed*** **-** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> ***Assigned*** **-** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the Board of Commissioners. The Board of Commissioners have by resolution authorized the Auditor to assign fund balance. The Board of Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.
>
> ***Unassigned*** **-** Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Q. Budget Stabilization Arrangement

Pursuant to Ohio Revised Code Section 5705.13, on August 20, 2012, the County established a reserve balance account, in the General fund, in the amount of $2,103,795, to be used in emergencies for operational expenditures. The balance of the reserve balance account at December 31, 2018 is $2,000,000. This amount is reported as a component of unassigned fund balance in the General fund and unrestricted net position in the governmental activities.

R. Net Position

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

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

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2018.

U. Implementation of New Accounting Principles

For the fiscal year ended December 31, 2018, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial reporting for Postemployment Benefits other than Pensions, GASB Statement No. 85, Omnibus 2017 and GASB Statement No. 86, Certain Debt Extinguishments.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements.

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available (for OPERS).

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). These changes were incorporated in the County's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the County.

V. Fund Reclassification and Restatement of Net Position/Fund Balance

Net position of governmental and business-type activities at December 31, 2017, has been restated for the following reasons: *(a)* to reclassify the park district fund from a governmental to an agency fund to properly reflect the fund's intended purpose; and (b) to implement GASB 75 as described above.

	Governmental Activities	Business-Type Activities
Net Position, December 31, 2017	$ 93,484,225	$ 5,190,191
Adjustments:		
Equity in Pooled Cash and Investments	(82,348)	0
Accounts Payable	375	0
Capital Assets	(1,946,825)	0
Net OPEB Liability	(9,579,374)	(19,138)
Deferred Outflows	1,700	0
Deferred Outflow-Payments Subsequent to Measurement Date	803,811	1,611
Deferred Inflows	(3,631)	0
Restated Net Position, December 31, 2017	$ 82,677,933	$ 5,172,664

	Sewer
Net Position, December 31, 2017	$ 5,190,191
Adjustments:	
Net OPEB Liability	(19,138)
Deferred Outflow-Payments Subsequent to Measurement Date	1,611
Restated Net Position, December 31, 2017	$ 5,172,664

The fund reclassification had the following effect on fund balance of governmental funds previously reported:

	Governmental Funds	
	Nonmajor Governmental Funds	
Fund Balance December 31, 2017	$	21,715,034
Adjustments:		
Equity in Pooled Cash and Investments		(82,348)
Accounts Payable		375
Restated Fund Balance, December 31, 2017	$	21,633,061

W. Component Unit Restatement of Net Position

Net Position of the Port Authority at December 31, 2017, has been restated due to a revaluation of capital assets and the implementation of GASB 75 as described above.

	Port Authority	
Net Position, December 31, 2017	$	55,649,813
Adjustments:		
Capital Assets		995,551,658
Net OPEB Liability		(185,038)
Deferred Outflow-Payments Subsequent to Measurement Date		2,041
Restated Net Position, December 31, 2017	$	1,051,018,474

NOTE 3 – DEFICIT FUND BALANCES

The following funds had deficit balances as of December 31, 2018:

Fund		Deficit
Nonmajor governmental funds		
Special Assessment Bond Retirement	$	2,135
Chip Housing Revolving Loan		48,791

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

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

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

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

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

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

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

7. The State Treasurer's Asset Reserve of Ohio Investment Pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in 1 or 2 above or cash or both securities and cash, equal value for equal value;

9. High grade commercial paper for a period not to exceed 270 days and in an amount not to exceed 40 percent of the County's total average portfolio; and,

10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed 40 percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

***Cash on Hand* -** At December 31, 2018 the County had $112,595 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Investments."

***Deposits* -** At year-end, $10,558,205 of the County's bank balance of $11,353,205 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the County's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the County will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

- Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment 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 required 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.

***Cash and Cash Equivalents in Segregated Accounts* -** At year end, the County had $626,434 in cash and cash equivalents deposited separate from the County's internal investment pool.

Cash with Fiscal Agent - At year end, the County had $2,435,489 in monies held by SOCOG as a fiscal agent. This amount has been excluded from the total amount of deposits below as it is not part of the County's internal investment pool.

B. Investments

As of December 31, 2018, the County had the following investments and maturities:

Ratings by S&P Global	Investment	Measurement Amount	Investment Maturity in Months 0 - 12	13 -36	Over 36	% Total
	Cost:					
N/A	Jefferson Township General Obligation Bonds	$ 142,500	$ 15,000	$ 45,000	$ 82,500	0.32%
	Fair Value:					
AAA	Federal Home Loan Bank	4,961,740	0	1,978,500	2,983,240	11.06%
AA+	Federal Home Loan Mortgage	34,893,666	0	22,658,990	12,234,676	77.77%
AA+	Federal National Mortgage Association Not	4,866,920	0	4,866,920	0	10.85%
		$ 44,864,826	$ 15,000	$ 29,549,410	$ 15,300,416	100.00%

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the County's recurring fair value measurements as of June 30, 2018. The County's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

Credit Risk: The County's investment policy does not specifically address credit risk beyond requiring the County to only invest in securities authorized by State statute.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The preceding table includes the percentage of each investment type held by the County at December 31, 2018.

C. Component Unit

At December 31, 2018, the carrying amount of the Port Authority's demand deposits was $3,786,317.

NOTE 5 - INTERFUND TRANSACTIONS

A. *Interfund Transfers*

Interfund transfers for the year ended December 31, 2018 consisted of the following, as reported on the fund financial statements:

	Transfer From			
Transfer To	General Fund	County Board of DD	Nonmajor Governmental Funds	Total
General Fund	$ 0	$ 0	$ 685	$ 685
Nonmajor governmental funds	8,679	725,000	0	733,679
Grand Total	$ 8,679	$ 725,000	$ 685	$ 734,364

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2018, the general fund transferred $8,679 to the BOE equipment fund, the County board of developmental disabilities fund transferred $725,000 to the County board of developmental disabilities capital projects fund. The Moving Ohio Forward fund transferred $685 of residual cash to the general fund.

B. *Long-Term Loans*

Long-term loans to and from other funds from the General fund to the Martinsville-Midland Sewer fund amount to $2,681,336 at December 31, 2018. The purpose of the loan was to provide funds to retire the balance of the OPWC loan and USDA bonds issued to finance the construction of Midland sewer. The Martinsville-Midland Sewer fund is scheduled to repay the General fund no less than $100,000 per year until the General fund has been fully reimbursed for the cost of retiring the debt or upon further resolution by the County Commissioners. The loan is interest-free. The Martinsville-Midland Sewer fund repaid the General fund $100,000 as scheduled during 2018.

C. *Interfund Balances*

Interfund balances consisted of the following at December 31, 2018, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General	$ 76,444	$ 0
Nonmajor Governmental Funds	0	76,444
Total	$ 76,444	$ 76,444

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2018 for real and public utility property taxes represents collections of the 2017 taxes.

2018 real property taxes were levied after October 1, 2018 on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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 statue 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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2018, was $12.50 per $1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	
Agricultural/Residential	$ 758,650,560
Commerical/Industrial/Mineral	162,129,000
Tangible Personal Property	
Public Utility	77,600,940
Total Assessed Value	$ 998,380,500

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the County. The County Auditor periodically remits to the County its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 - PERMISSIVE SALES AND USE TAX

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

Proceeds of the tax are credited entirely to the General fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue on the fund financial statements to the extent that they are intended to finance 2018 operations. On the government-wide financial statements, the entire receivable amount is recorded as revenue. Sales and use tax revenue for 2018 amounted to $6,012,531 in the governmental funds.

NOTE 8 – RECEIVABLES

Receivables at December 31, 2018, consisted of taxes, accounts (billings for user charged services), notes, accrued interest, special assessments, interfund and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2018, as well as intended to finance 2019 operations.

Receivables have been disaggregated on the face of the balance sheet. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment and the $4,301,433 in notes receivable. $3,400,000 relates to the deferred purchase of the sale of the hospital. The County will receive $1,700,000 annually over the next two years.

In prior years the County issued $276,424 of debt on behalf of the Clinton County Agricultural Society. The Society pays the County as general obligation bond principal and interest payments come due. In 2018 the County issued additional debt to the Clinton County Agricultural Society in the amount of $245,000 which will be repaid in 2019.

The County issued non-interest bearing debt to the Murphy Theater in 2018 in the amount of $281,009. The debt will be repaid by making bi-annual payments beginning January 1, 2019 in the amount of $7,500. These payments will continue until 2029, at which time a balloon payment will be made in the amount of $15,000 to pay the balance.

The County issued non-interest bearing debt to the Little Hearts, Big Smiles in 2018 in the amount of $99,000. This debt has no repayment schedule it this time.

NOTE 9 - CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2018, was as follows:

	Restated Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,247,029	$ 2,917	$ 0	$ 2,249,946
Construction in Progress	1,020,705	673,197	(1,279,799)	414,103
Total Capital Assets Not Being Depreciated, Net	3,267,734	676,114	(1,279,799)	2,664,049
Capital Assets, Being Depreciated:				
Land Improvements	1,017,400	38,347	0	1,055,747
Buildings and Improvements	26,884,307	927,165	0	27,811,472
Equipment	7,419,624	546,963	(453,002)	7,513,585
Software	639,218	35,079	(10,500)	663,797
Vehicles	4,066,796	467,509	(85,006)	4,449,299
Infrastructure	42,068,228	659,847	0	42,728,075
Total Capital Assets, Being Depreciated	82,095,573	2,674,910	(548,508)	84,221,975
Less Accumulated Depreciation:				
Land Improvements	(229,295)	(36,594)	0	(265,889)
Buildings and Improvements	(10,487,917)	(727,408)	0	(11,215,325)
Equipment	(3,656,375)	(645,535)	139,797	(4,162,113)
Software	(440,026)	(107,710)	10,500	(537,236)
Vehicles	(2,597,057)	(423,095)	57,522	(2,962,630)
Infrastructure	(22,126,902)	(1,096,934)	0	(23,223,836)
Total Accumulated Depreciation	(39,537,572)	(3,037,276)	207,819	(42,367,029)
Total Capital Assets Being Depreciated, Net	42,558,001	(362,366)	(340,689)	41,854,946
Total Governmental Activities Capital Assets, Net	$ 45,825,735	$ 313,748	$ (1,620,488)	$ 44,518,995

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

General Government	
Legislative and executive	$ 627,486
Judicial	52,043
Public Safety	674,135
Public Works	1,513,663
Health	134,875
Human Services	35,074
Total Depreciation Expense	$ 3,037,276

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 396,710	$ 0	$ 0	$ 396,710
Capital Assets, Being Depreciated:				
Equipment	9,049	0	0	9,049
Infrastructure	8,366,916	0	0	8,366,916
Total Capital Assets, Being Depreciated	8,375,965	0	0	8,375,965
Less Accumulated Depreciation:				
Equipment	(3,167)	(905)	0	(4,072)
Infrastructure	(1,589,719)	(209,172)	0	(1,798,891)
Total Accumulated Depreciation	(1,592,886)	(210,077)	0	(1,802,963)
Total Capital Assets Being Depreciated, Net	6,783,079	(210,077)	0	6,573,002
Total Governmental Activities Capital Assets, Net	$ 7,179,789	$ (210,077)	$ 0	$ 6,969,712

B. Component Unit Capital Assets

A summary of the changes in the Port Authority's capital assets during 2018 follows:

	Restated Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Port Authority:				
Capital Assets Not Being Depreciated:				
Land	$ 15,586,699	$ 0	$ 0	$ 15,586,699
Capital Assets, Being Depreciated:				
Land Improvements	1,170,138,919	0	0	1,170,138,919
Buildings and Improvements	49,950,297	0	0	49,950,297
Other Improvements	164,390	0	0	164,390
Vehicles and Equipment	6,683,710	0	0	6,683,710
Total Capital Assets, Being Depreciated	1,226,937,316	0	0	1,226,937,316
Less Accumulated Depreciation:				
Land Improvements	(175,520,838)	(23,405,778)	0	(198,926,616)
Buildings and Improvements	(6,138,336)	(983,920)	0	(7,122,256)
Other Improvements	(82,195)	(10,959)	0	(93,154)
Vehicles and Equipment	(1,492,766)	(285,546)	0	(1,778,312)
Total Accumulated Depreciation	(183,234,135)	(24,686,203)	0	(207,920,338)
Total Capital Assets Being Depreciated, Net	1,043,703,181	(24,686,203)	0	1,019,016,978
Total Governmental Activities Capital Assets, Net	$ 1,059,289,880	$ (24,686,203)	$ 0	$ 1,034,603,677

NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE

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

Governmental activities capital assets consisting of equipment have been capitalized in the amount of $58,795. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the amount of $14,973 and $1,572, respectively, were made during 2018.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2018:

		Governmental Activities
Year ending December 31,	2019	$ 12,000
Less: amount representing interest		(428)
Present value of net minimum lease payments		$ 11,572

NOTE 11 - COMPENSATED ABSENCES

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

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

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NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2018, the following changes occurred in the County's governmental long-term obligations:

	Restated Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	One Year
Governmental Activities:					
General Obligation Bonds					
Various Purpose Refunding Bonds	$ 715,000	$ 0	$ 355,000	$ 360,000	$ 360,000
Unamortized Premium	8,064	0	4,209	3,855	0
Fairground/Public Service Agency Building	2,075,000	0	175,000	1,900,000	180,000
Various Purpose Bonds	4,695,000	0	535,000	4,160,000	550,000
Unamortized Premium	275,054	0	37,507	237,547	0
	7,768,118	0	1,106,716	6,661,402	1,090,000
Compensated Absences	1,505,475	640,742	609,769	1,536,448	547,393
Capital Leases	26,545	0	14,973	11,572	11,572
Net Pension Liability - OPERS and STRS	22,267,564	0	6,565,667	15,701,897	0
Net OPEB Liability - OPERS and STRS	9,579,374	865,832	0	10,445,206	0
Total Governmental Activities	$ 41,147,076	$ 1,506,574	$ 8,297,125	$ 34,356,525	$ 1,648,965
Business-Type Activities					
Net Pension Liability - OPERS	$ 44,265	$ 0	$ 28,712	$ 15,553	$ 0
Net OPEB Liability - OPERS	19,138	0	8,670	10,468	0
Total Business-Type Activities	$ 63,403	$ 0	$ 37,382	$ 26,021	$ 0

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

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

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

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

The assets held in trust as a result of the advance refunding described above are not included in the accompanying basic financial statements. At December 31, 2018, $355,000 of the refunded bonds being held by escrow agent are still outstanding.

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

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

Vested sick leave and vacation benefits will be paid from the fund from which the employee is paid. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and sewer funds. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

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

	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2019	$ 1,090,000	$ 209,686
2020	745,000	177,988
2021	770,000	153,788
2022	795,000	128,738
2023	820,000	102,838
2024-2027	2,200,000	154,682
Totals	$ 6,420,000	$ 927,720

B. Component Unit Long-Term Obligations

During 2018, the following changes occurred in the Port Authority's long-term obligations:

	Restated Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due in One Year
Port Authority:					
Mortage Loan - Ag Land	$ 1,121,987	$ 0	$ 31,776	$ 1,090,211	$ 33,334
Unamortized discount on loans	(21,529)	0	(1,140)	(20,389)	0
OEBF Loan	7,859,167	0	315,833	7,543,334	320,834
166 Loan	3,644,766	0	180,292	3,464,474	182,100
Net Pension Liability - OPERS	348,781	0	106,497	242,284	0
Net OPEB Liability - OPERS	185,038	14,574	0	199,612	0
Total Long-Term Obligations	$ 13,138,210	$ 14,574	$ 633,258	$ 12,519,526	$ 536,268

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

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

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

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

	Mortgage Loan		OEBF Loan		166 Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 33,334	$ 51,904	$ 320,834	$ 284,714	$ 182,100	$ 42,738	$ 536,268	$ 379,356
2020	34,827	50,411	330,000	277,479	183,925	40,456	548,752	368,346
2021	36,676	48,562	335,833	269,400	185,769	38,152	558,278	356,114
2022	38,475	46,763	345,834	259,997	187,632	35,823	571,941	342,583
2023	40,362	44,876	355,833	249,446	189,513	33,472	585,708	327,794
2024-2028	233,265	192,925	1,940,000	1,066,207	976,445	131,259	3,149,710	1,390,391
2029-2033	296,523	129,667	2,303,333	677,520	1,026,380	68,840	3,626,236	876,027
2034-2038	376,749	49,440	1,611,667	116,734	532,710	10,021	2,521,126	176,195
Totals	$ 1,090,211	$ 614,548	$ 7,543,334	$ 3,201,497	$ 3,464,474	$ 400,761	$ 12,098,019	$ 4,216,806

NOTE 13 - RISK MANAGEMENT

A. General Insurance

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

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 63 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected Board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

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

B. Health Care, Vision, Dental and Life Insurance

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

NOTE 14 - 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)

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

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula:	**Formula:**	**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	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	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 who retired prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at three percent.

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

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.00 %	18.10 %	18.10 %
Employee	10.00 %	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.00 %	18.10 %	18.10 %
Post-Employment Health Care Benefits	0.00 %	0.00 %	0.00 %
Total Employer	14.00 %	18.10 %	18.10 %
Employee	10.00 %	12.00 %	13.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $1,853,301 for 2018. Of this amount, $270,123 is reported as an intergovernmental payable. The Port Authority's contractually required contribution was $22,235 for 2018.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2018 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was $12,011 for 2018. The entire amount was paid during 2018.

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. STRS net pension liability was measured as of June 30, 2018, and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS		STRS		Total	
Proportion of the Net Pension Liability:						
Current Measurement Period		0.099140%		0.000747%		
Prior Measurement Period		0.097464%		0.000755%		
Change in Proportion		0.001676%		-0.000008%		
Proportionate Share of the Net Pension Liability	$	15,553,144	$	164,306	$	15,717,450
Pension Expense	$	3,548,848	$	2,290	$	3,551,138

Component Unit - Port Authority		
	OPERS	
Proportion of the Net Pension Liability:		
Current Measurement Period		0.00154439%
Prior Measurement Period		0.00153592%
Change in Proportion		0.00000847%
Proportionate Share of the Net Pension Liability	$	242,284
Pension Expense	$	60,512

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS		STRS		Total	
Deferred Outflows of Resources						
Differences between Expected and Actual Experience	$	15,884	$	3,792	$	19,676
Changes of Assumptions		1,858,697		29,107		1,887,804
Changes in Proportionate Share		196,468		379		196,847
County Contributions Subsequent to the Measurement Date		1,853,301		6,005		1,859,306
Total Deferred Outflows of Resources	$	3,924,350	$	39,283	$	3,963,633
Deferred Inflows of Resources						
Differences between Expected and Actual Experience	$	306,503	$	1,072	$	307,575
Net Difference between Projected and Actual Earnings on Pension Plan Investments		3,339,057		9,962		3,349,019
Changes in Proportionate Share		12,834		2,467		15,301
Total Deferred Inflows of Resources	$	3,658,394	$	13,501	$	3,671,895

Component Unit - Port Authority		
		OPERS
Deferred Outflows of Resources		
Differences between Expected and Actual Experience		247
Changes of Assumptions		28,955
Changes in Proportionate Share		887
Port Authority Contributions Subsequent to the Measurement Date		22,235
Total Deferred Outflows of Resources	$	52,324
Deferred Inflows of Resources		
Differences between Expected and Actual Experience	$	4,774
Net Difference between Projected and Actual Earnings on Pension Plan Investments		52,016
Total Deferred Inflows of Resources	$	56,790

$1,859,306 and $22,235 reported as deferred outflows of resources related to pension resulting from County and Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		OPERS		STRS		Total
2019	$	1,490,284	$	13,256	$	1,503,540
2020		(235,452)		8,266		(227,186)
2021		(1,470,112)		677		(1,469,435)
2022		(1,372,065)		(2,422)		(1,374,487)
	$	(1,587,345)	$	19,777	$	(1,567,568)

Component Unit - Port Authority		
Year Ending December 31:		OPERS
2019	$	22,156
2020		(4,579)
2021		(22,905)
2022		(21,373)
	$	(26,701)

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, 2017, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017 are presented below.

Valuation Date	December 31, 2017
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

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

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.
During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. 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. 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 was 16.82 percent for 2017.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.50 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 7.50 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability	$ 27,618,421	$ 15,553,144	$ 5,494,339

Component Unit - Port Authority

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Port Authority's Proportionate Share of the Net Pension Liability	$ 430,235	$ 242,284	$ 85,590

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding in July 1, 2019.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS's investment consultant indicates that the 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, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. 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, 2018.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net Pension Liability	$ 239,863	$ 164,306	$ 100,251

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

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

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

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including OPEB.
GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.
Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $0 for 2018. The Port Authority's contractually required contribution was $0 for 2018.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB asset/liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The net OPEB liability for STRS was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB asset/liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.096394%	0.000747%	
Prior Measurement Period	0.094740%	0.000755%	
Change in Proportion	0.001654%	-0.000008%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 10,467,678	$ (12,004)	$ 10,455,674
OPEB Expense	$ 1,600,476	$ (26,083)	$ 1,574,393

Component Unit - Port Authority	
	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.00183818%
Prior Measurement Period	0.00183200%
Change in Proportion	0.00000618%
Proportionate Share of the Net OPEB Liability	$ 199,612
OPEB Expense	$ 16,373

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 8,154	$ 1,403	$ 9,557
Changes of Assumptions	762,158	0	762,158
Changes in Proportionate Share	119,383	0	119,383
Total Deferred Outflows of Resources	$ 889,695	$ 1,403	$ 891,098
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 699	$ 699
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	779,772	1,372	781,144
Changes of Assumptions	0	16,356	16,356
Changes in Proportionate Share	6,361	278	6,639
Total Deferred Inflows of Resources	$ 786,133	$ 18,705	$ 804,838

Component Unit - Port Authority	
	OPERS
Deferred Outflows of Resources	
Differences between Expected and Actual Experience	$ 156
Changes of Assumptions	14,534
Changes in Proportionate Share	422
Total Deferred Outflows of Resources	$ 15,112
Deferred Inflows of Resources	
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	14,870
Total Deferred Inflows of Resources	$ 14,870

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	STRS	Total
2019	$ 227,383	$ (3,094)	$ 224,289
2020	232,610	(3,094)	229,516
2021	(161,488)	(3,096)	(164,584)
2022	(194,943)	(2,784)	(197,727)
2023	0	(2,673)	(2,673)
Thereafter	0	(2,561)	(2,561)
	$ 103,562	$ (17,302)	$ 86,260

Component Unit - Port Authority

Year Ending December 31:	OPERS
2019	$ 3,508
2020	3,508
2021	(3,055)
2022	(3,719)
Total	$ 242

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB asset/liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB asset/liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's Proportionate Share of the Net OPEB Liability:	$ 13,906,762	$ 10,467,678	$ 7,685,494

Component Unit - Port Authority

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Port Authority 's Proportionate Share of the Net OPEB Liability	$ 265,194	$ 199,612	$ 146,558

Sensitivity of the County's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset/liability. The following table presents the net OPEB asset/liability calculated using the assumed trend rates, and the expected net OPEB asset/liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability:	$ 10,015,337	$ 10,467,678	$ 10,934,935

Component Unit - Port Authority

	1% Decrease	Current Trend Rate	1% Increase
Port Authority 's Proportionate Share of the Net OPEB Liability	$ 190,986	$ 199,612	$ 208,523

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	6.00 percent	4.00 percent
Medicare	5.00 percent	4.00 percent
Prescription Drug		
Pre-Medicare	8.00 percent	4.00 percent
Medicare	-5.23 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding in July 1, 2019.

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

Discount Rate The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018. For June 30, 2017, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, a blended discount rate of 4.13 percent which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate Assumptions The following represents the net OPEB liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current assumption. Also shown is the net OPEB liability as of June 30, 2018, calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net OPEB Liability (Asset):	$ (10,288)	$ (12,004)	$ (13,445)
	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability (Asset):	$ (13,364)	$ (12,004)	$ (10,622)

Assumption Changes since the Prior Measurement Date The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes since the Prior Measurement Date The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

NOTE 16 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

NOTE 17 - OTHER COMMITMENTS

A. Contractual Commitments

The County had the following contractual commitment outstanding at December 31, 2018.

	Contract Amount	Expended	Outstanding Commitment
Governmental-Type Activities:			
Sewage Treatment Tank Removal	$ 548,871	$ 335,763	$ 213,108

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

B. Other Commitments

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

Fund	Amount
General	$ 156,476
Motor Vehicle and Gas Tax	34,975
JFS Children Services	36,517
Other Governmental Funds	1,460,483
	$ 1,688,451

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

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

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Some funds are included in the General fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General	County Board of DD	Motor Vehicle and Gas Tax	JFS Children Services
GAAP Basis	$ 1,301,298	$ (396,326)	$ 699,873	$ (382,437)
Net Adjustment for Revenue Accruals	(119,991)	(145,250)	(11,535)	59,725
Net Adjustment for Expenditure Accruals	(630,289)	54,015	(91,642)	(36,149)
Funds Budgeted Elsewhere *	(141,840)	0	0	0
Adjustment for Encumbrances	(364,405)	(161,115)	(52,108)	(109,468)
Budget Basis	$ 44,773	$ (648,676)	$ 544,588	$ (468,329)

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

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NOTE 19 - FUND BALANCE

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

	General Fund	County Board of DD Fund	Motor Vehicle & Gas Tax Fund	JFS Children Services Fund	Other Governmental Funds	Total
Nonspendable for:						
Long-Term Interfund Loans	$ 2,681,336	$ 0	$ 0	$ 0	$ 0	$ 2,681,336
Notes Receivable	901,433	0	0	0	0	901,433
Inventory	0	0	388,396	0	0	388,396
Prepaid Items	90,657	42,860	1,452	0	25,774	160,743
Unclaimed Monies	169,736	0	0	0	0	169,736
Total Nonspendable	3,843,162	42,860	389,848	0	25,774	4,301,644
Restricted for:						
General Government	0	0	0	0	1,472,649	1,472,649
Public Safety	0	0	0	0	633,994	633,994
Human Services Programs	0	0	0	356,256	2,043,313	2,399,569
Public Works	0	0	2,902,528	0	876,266	3,778,794
Health Programs	0	7,505,561	0	0	222,334	7,727,895
Capital Outlay	0	0	0	0	67,005	67,005
Total Restricted	0	7,505,561	2,902,528	356,256	5,315,561	16,079,906
Committed for:						
Health Programs	38,861	0	0	0	0	38,861
Geographic Info Systems	273,278	0	0	0	0	273,278
Sheriff's Policing Rotary	265,841	0	0	0	0	265,841
Capital Improvements	0	0	0	0	441,973	441,973
Debt	0	0	0	0	7,890,074	7,890,074
Total Committed	577,980	0	0	0	8,332,047	8,910,027
Assigned:						
Encumbrances						
General Government	51,002	0	0	0	0	51,002
Human Service Programs	31,471	0	0	0	0	31,471
Capital Outlay	55,195	0	0	0	0	55,195
Health Programs	2,912,295	0	0	0	0	2,912,295
Capital Projects	0	0	0	0	6,845,440	6,845,440
Subsequent Year Appropriations	227,308	0	0	0	0	227,308
Total Assigned	3,277,271	0	0	0	6,845,440	10,122,711
Unassigned	19,038,089	0	0	0	(50,926)	18,987,163
Total Fund Balance	$ 26,736,502	$ 7,548,421	$ 3,292,376	$ 356,256	$ 20,467,896	$ 58,401,451

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Clinton county, Ohio

Required Supplementary Information

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

Last Five Years (1)

	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)					
County's Proportion of the Net Pension Liability	0.099140%	0.097464%	0.097235%	0.097555%	0.097555%
County's Proportionate Share of the Net Pension Liability	$ 15,553,144	$ 22,132,519	$ 16,842,335	$ 11,766,221	$ 11,500,462
County's Covered Payroll	$ 13,607,464	$ 13,574,100	$ 10,913,808	$ 11,487,765	$ 11,806,980
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	114.30%	163.05%	154.32%	102.42%	97.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
State Teachers Retirement System (STRS)					
County's Proportion of the Net Pension Liability	0.000747%	0.000755%	0.000794%	0.000747%	0.000747%
County's Proportionate Share of the Net Pension Liability	$ 164,306	$ 179,310	$ 265,702	$ 206,564	$ 180,188
County's Covered Payroll	$ 84,107	$ 81,857	$ 79,507	$ 77,179	$ 69,507
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	195.35%	219.05%	334.19%	267.64%	259.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%	74.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

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

Clinton County, Ohio
Required Supplementary Information
Schedule of the County's Contributions - Pension
Last Ten Years

	2018	2017	2016	2015
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 1,853,301	$ 1,830,303	$ 1,628,892	$ 1,351,318
Contributions in Relation to the Contractually Required Contribution	(1,853,301)	(1,830,303)	(1,628,892)	(1,351,318)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
County's Covered Payroll	$ 12,790,060	$ 13,607,464	$ 13,574,100	$ 10,913,808
Contributions as a Percentage of Covered Payroll	14.49%	13.45%	12.00%	12.38%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 12,011	$ 11,775	$ 11,460	$ 11,131
Contributions in Relation to the Contractually Required Contribution	(12,011)	(11,775)	(11,460)	(11,131)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
County's Covered Payroll	$ 85,793	$ 84,107	$ 81,857	$ 79,507
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

2014	2013	2012	2011	2010	2009
$ 1,422,878	$ 1,698,048	n/a	n/a	n/a	n/a
(1,422,878)	(1,698,048)	n/a	n/a	n/a	n/a
$ 0	$ 0	n/a	n/a	n/a	n/a
$ 11,487,765	$ 11,806,980	n/a	n/a	n/a	n/a
12.39%	14.38%	n/a	n/a	n/a	n/a
$ 10,419	$ 9,036	$ 8,771	$ 20,703	$ 29,402	$ 26,246
(10,419)	(9,036)	(8,771)	(20,703)	(29,402)	(26,246)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 77,179	$ 69,507	$ 67,471	$ 159,250	$ 226,171	$ 201,893
13.50%	13.00%	13.00%	13.00%	13.00%	13.00%

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

		2018		2017
Ohio Public Employees' Retirement System (OPERS)				
County's Proportion of the Net OPEB Liability		0.096394%		0.094740%
County's Proportionate Share of the Net OPEB Liability	$	10,467,678	$	9,569,062
County's Covered Payroll	$	13,607,464	$	13,574,100
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll		76.93%		70.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		54.14%		54.04%
State Teachers Retirement System (STRS)				
County's Proportion of the Net OPEB Liability (Asset)		0.000747%		0.000755%
County's Proportionate Share of the Net OPEB Liability (Asset)	$	(12,004)	$	29,450
County's Covered Payroll	$	84,107	$	81,857
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll		-14.27%		35.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)		176.00%		47.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

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

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Clinton County, Ohio
Required Supplementary Information
Schedule of the County's Contributions - OPEB
Last Ten Years

	2018	2017	2016	2015
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 0	$ 136,075	$ 262,905	n/a
Contributions in Relation to the Contractually Required Contribution	0	(136,075)	(262,905)	n/a
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	n/a
County's Covered Payroll (1)	$ 12,790,060	$ 13,607,464	$ 13,574,100	n/a
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	1.94%	n/a
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
County's Covered Payroll	$ 85,793	$ 84,107	$ 81,857	$ 79,507
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

2014	2013	2012	2011	2010	2009
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
$ 400	$ 749	$ 727	$ 1,715	$ 2,436	$ 2,174
(400)	(749)	(727)	(1,715)	(2,436)	(2,174)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 77,179	$ 69,507	$ 67,471	$ 159,250	$ 226,171	$ 201,893
0.50%	1.00%	1.00%	1.00%	1.00%	1.00%

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

	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)					
Port Authority's Proportion of the Net Pension Liability	0.0015444%	0.0015359%	0.0016190%	0.0012650%	0.0012650%
Port Authority's Proportionate Share of the Net Pension Liability	$ 242,284	$ 348,781	$ 280,431	$ 152,573	$ 149,127
Port Authority's Covered Payroll	$ 204,093	$ 198,550	$ 201,458	$ 155,108	$ 161,092
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	175.66%	139.20%	98.37%	92.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

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

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Clinton County Port Authority
Clinton County, Ohio
Required Supplementary Information
Schedule of the Port Authority's Contributions - Pension
Last Six Years (1)

	2018	2017	2016	2015
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 22,235	$ 26,532	$ 23,826	$ 24,175
Contributions in Relation to the Contractually Required Contribution	(22,235)	(26,532)	(23,826)	(24,175)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Port Authority's Covered Payroll	$ 158,821	$ 204,093	$ 198,550	$ 201,458
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%

(1) Information prior to 2013 is not available.

	2014	2013
	$ 18,613	$ 20,942
	(18,613)	(20,942)
	$ 0	$ 0
	$ 155,108	$ 161,092
	12.00%	13.00%

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

	2018	2017
Ohio Public Employees' Retirement System (OPERS)		
Port Authority 's Proportion of the Net OPEB Liability	0.0018382%	0.0018320%
Port Authority 's Proportionate Share of the Net OPEB Liability	$ 199,612	$ 185,038
Port Authority 's Covered Payroll	$ 204,093	$ 198,550
Port Authority 's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	97.80%	93.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

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

Clinton County Port Authority
Clinton County, Ohio
Required Supplementary Information
Schedule of the Port Authority 's Contributions - OPEB
Last Three Years (1)

	2018	2017	2016
Ohio Public Employees' Retirement System (OPERS)			
Contractually Required Contribution	$ 0	$ 2,041	$ 3,971
Contributions in Relation to the Contractually Required Contribution	0	(2,041)	(3,971)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Port Authority 's Covered Payroll (1)	$ 158,821	$ 204,093	$ 198,550
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

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Note 1 - Net Pension Liability

Changes in Assumptions – OPERS

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

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

Changes in Assumptions – OP&F

For 2017, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Assumptions – STRS

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

Changes in Benefit Terms - STRS

Effective July 1, 2017, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability

Changes in Assumptions - OPERS

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

Changes in Assumptions – OPF

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

Changes in Assumptions – STRS

For 2018, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, *Financial*

Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

For 2017, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

For 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

CLINTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the Ohio Department of Job and Family Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster:				
Food Assistance E&T	G-1819-11-5724	10.561	$ 11,404	$ 0
Food Assistance E&T 50%	G-1819-11-5724	10.561	10,327	0
Food Assistance	G-1819-11-5724	10.561	286,056	0
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster			307,787	0
Total U.S. Department of Agriculture			**307,787**	**0**
U.S. DEPARTMENT OF EDUCATION				
Passed Through the Ohio Department of Developmental Disabilities				
Special Education Grants for Infants and Children	H181A160024	84.181	40,468	40,468
Special Education Grants for Infants and Children	H181A170024	84.181	53,987	53,987
Total Special Education Grants for Infants and Children			94,455	94,455
Total U.S. Department of Education			**94,455**	**94,455**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through the Ohio Department of Job and Family Services				
Temporary Assistance for Needy Families (TANF) Cluster:				
TANF - Independent Living	G-1617-11-5497 / G-1819-11-5724	93.558	15,721	0
Supplemental TANF - Administration	G-1819-11-5724	93.558	23,954	0
TANF - CCMEP Regular	G-1819-11-5724	93.558	2,830	0
TANF - CCMEP Administration	G-1819-11-5724	93.558	1,098	0
TANF - Administration	G-1819-11-5724	93.558	103,004	0
TANF - Regular (Program)	G-1819-11-5724	93.558	265,840	0
TANF - Fraud Awareness	G-1819-11-5724	93.558	2,000	0
Total Temporary Assistance for Needy Families (TANF) Cluster			414,447	0
Child Care and Development Block Grant Cluster:				
Child Care Administration	G-1819-11-5724	93.575	32,223	0
Child Care Non-Administration	G-1819-11-5724	93.575	23,157	0
Total Child Care and Development Block Grant Cluster			55,380	0
Social Services Block Grant				
Title XX - Base Subsidy	G-1819-11-5724	93.667	61,708	0
Title XX - Transfer Subsidy	G-1819-11-5724	93.667	325,685	0
Total Social Services Block Grant			387,393	0
Medicaid Cluster:				
Medical Assistance Program				
Medicaid	G-1819-11-5724	93.778	(10,204)	0
Medicaid Enhanced	G-1819-11-5724	93.778	543,892	0
Medicaid NET	G-1819-11-5724	93.778	90,899	0
Medicaid Child Welfare Related	G-1819-11-5724	93.778	9,477	0
Total Medical Assistance Program			634,064	0
Children's Health Insurance Program				
State Children Health Inc Program	G-1819-11-5724	93.767	15,591	0
Child Support Enforcement				
Federal Child Support	G-1819-11-5724	93.563	389,953	0
Child Support Training	G-1819-11-5724	93.563	820	0
County Incentives	G-1819-11-5724	93.563	106,303	0
Total Child Support Enforcement			497,076	0

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through the Ohio Department of Job and Family Services (Continued)				
Promoting Safe and Stable Families				
ESSA Preservation	G-1819-11-5724	93.556	$ 9,026	$ 0
ESSA Reunification	G-1819-11-5724	93.556	10,459	0
Post Adoption Special	G-1819-11-5724	93.556	6,357	0
Total Promoting Safe and Stable Families			25,842	0
Stephanie Tubbs Jones Child Welfare Services Program				
Family Centered Services and Support	G-1819-11-5724	93.645	2,184	0
IV-B	G-1819-11-5724	93.645	1,830	0
Total Stephanie Tubbs Jones Child Welfare Services Program			4,014	0
Foster Care (Title IV-E)				
Title IV-E Admin & Training	G-1819-11-5724	93.658	208,271	0
Title IV-E Contracts FCM	G-1819-11-5724	93.658	14,745	0
Title IV-E Foster Care Services	G-1819-11-5724	93.658	549,457	0
Total Foster Care (Title IV-E)			772,473	0
9				
Adoption Assistance (Title IV-E)				
Title IV-E Admin & Training	G-1819-11-5724	93.659	431,753	0
Non-Recurring Adoption	G-1819-11-5724	93.659	3,305	0
Title IV-E Contracts AA	G-1819-11-5724	93.659	33,924	0
Total Adoption Assistance (Title IV-E)			468,982	0
Chafee Foster Care Independence Program	G-1819-11-5724	93.674	16,739	0
Passed Through Ohio Department of Developmental Disabilities:				
Title XX - Social Services Block Grant	Title XX	93.667	25,126	0
Memo Total CFDA 93.667			412,519	0
Medicaid Cluster:				
Medical Assistance Program (MAC)	Title XIX	93.778	203,238	0
Memo Total Medicaid Cluster			837,302	0
Passed Through Ohio Department of Mental Health:				
Family-Centered Services and Supports	FY18	93.556	11,572	0
Family-Centered Services and Supports	FY19	93.556	5,579	0
Total Family-Centered Services and Supports			17,151	0
Memo Total CFDA 93.556			42,993	0
Passed Through Ohio Supreme Court				
Court Improvement Program Technology Grant	G-1801-OHSCID	93.586	8,827	0
Total U.S. Department of Health and Human Services			**3,546,343**	**0**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the Ohio Department of Transportation				
Highway Planning and Construction Cluster:				
CLI-CR 2 Spring Hill Road	PID #99228	20.205	47,633	47,633
CLI-CR 7-4.44 Farmers	PID #97872	20.205	13,538	1,184
LAP Bridge Load Rating	PID#103460	20.205	2,080	
Total Highway Planning and Construction Cluster			63,251	48,817

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
Passed Through the Federal Aviation Administration				
Airport Improvement Program	3-39-0091-012-2017	20.106	35,797	0
Total U.S. Department of Transportation			**99,048**	**48,817**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through the Ohio Development Services Agency				
Community Development Block Grants:				
Small Cities CDBG Program	B-C-16-1AN-1	14.228	$ 256,222	$ 0
Small Cities Program Grant (Formula)	B-F-16-1AN-1	14.228	288,380	0
Small Cities Program Grant (Formula)	B-F-17-1AN-1	14.228	91,566	0
Total Small Cities Program Grant (Formula)			379,946	0
			$ 636,168	
Home Investment Partnerships Program	B-C-16-1AN-2	14.239	181,296	0
Total U.S. Department of Housing and Urban Development			**817,464**	**0**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the Ohio Department of Public Safety				
Emergency Management Performance Grant	FY18	97.042	52,499	0
Total U.S. Department of Homeland Security			**52,499**	**0**
U.S. DEPARTMENT OF JUSTICE				
Passed Through the Ohio Attorney General's Office - Crime Victim Section				
Crime Victim Assistance	2018-VOCA-111256378	16.575	55,142	0
Crime Victim Assistance	2018-VOCA-109309143	16.575	7,591	0
Crime Victim Assistance	2017-VOCA-132136065	16.575	53,806	53,806
Total Crime Victim Assistance			116,539	53,806
Total U.S. Department of Justice			**116,539**	**53,806**
U.S. DEPARTMENT OF LABOR				
Passed Through the Ohio Department of Jobs and Family Services via Ohio Area 7 Workforce Investment Board				
Workforce Investment Act Cluster:				
WIOA - Adult Program	G-1819-11-5724	17.258	99,029	99,029
OMJ Resource Sharing	G-1819-11-5724	17.258	1,710	1,710
WIOA - Adult Total			100,739	100,739
CCMEP - WIOA - Youth Program	G-1819-11-5724	17.259	97,482	97,482
WIOA - Dislocated Worker Program	G-1819-11-5724	17.278	101,429	101,429
WIA - Rapid Response	G-1819-11-5724	17.278	136,468	136,468
OMF Resource Sharing	G-1819-11-5724	17.278	2,384	2,384
WIOA - Dislocated Worker Total			240,281	240,281
Total Workforce Investment Act Cluster			438,502	438,502

(Continued)

CLINTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
Employment Service Cluster:				
OMJ Center Resource Sharing	G-1819-11-5724	17.207	11,711	11,711
Total Employment Service Cluster			11,711	11,711
Trade Adjustment Assistance	G-1819-11-5724	17.245	2,176	2,176
Total U.S. Department of Labor			**452,389**	**452,389**
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through the Ohio Secretary of State				
HAVA Election Security Grant		90.404	14,525	0
Total U.S. Election Assistance Commission			**14,525**	**0**
Total Federal Expenditures			**$ 5,501,049**	**$ 649,467**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Clinton County (the County) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2018 is $39,709.

NOTE F - MATCHING REQUIREMENTS

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

NOTE G – SETTLEMENT PAYMENTS

During the calendar year, the County Board of Developmental Disabilities received a settlement payment for the 2014 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of $4,268. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting period.

NOTE H - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2018, the County made allowable transfers of **$325,685** from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately **$414,447** on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2018 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	$ 740,132
Transfer to Social Services Block Grant	(325,685)
Total Temporary Assistance for Needy Families	**$ 414,447**

OHIO AUDITOR OF STATE
KEITH FABER

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

Clinton County
46 S. South St.
Wilmington, Ohio 45177

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clinton County, (the County) as of and for the year ended December 31, 2018, 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 25, 2019, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We issued an adverse opinion on one of the County's legally separate discretely presented component units, Clinton County Land Reutilization Corporation, because it was omitted from the County's financial statements.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

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

County's Response to Findings

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

September 25, 2019

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

Clinton County
46 S. South St.
Wilmington, Ohio 45177

To the County Commissioners:

Report on Compliance for each Major Federal Program

We have audited Clinton County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Clinton County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, Clinton County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

September 25, 2019

CLINTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2018-001

Material Weakness

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

Certain accounts receivable and related revenues were not included in the County's financial statements. Receivables from the 2018 Aged Receivables Report were not included as part of the total Accounts Receivable for the Martinsville- Midland Sewer Fund.

Failure to correctly identify all accounts receivable resulted in an understatement of accounts receivable and corresponding revenues in the Martinsville-Midland Sewer Fund in the amount of $53,731. The County has corrected the financial statements and accounting records where appropriate.

We recommend the County implement procedures to ensure that all accounts receivable are included on the financial statements.

Officials' Response:

In future reporting years, the County will request a copy of the analytics comparing the prior year to the current year. This will allow for an overview to find material differences. For any amounts that seem to be material, we will request an explanation to ensure that they are reasonable or if there are mistakes in the data presented.

FINDING NUMBER 2018-002

Material Weakness

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

Governmental Accounting Standards Board Codification (GASB) Section 2100 requires the County to report Clinton County Land Reutilization Corporation in the annual financial report as a discretely presented component unit.

FINDING NUMBER 2018-002
(Continued)

Management has not included the Clinton County Land Reutilization Corporation financial data in the Clinton County annual financial report as a discretely presented component unit, and we have therefore modified our opinion. We cannot determine the amounts of assets, liabilities, net position, revenues and expenses that the accompanying statements should present for the omitted discretely presented component unit.

The County should include the Clinton County Land Reutilization Corporation financial data in the Clinton County annual financial report as a discretely presented component unit.

Officials' Response:

We did not receive a response from officials to the finding above.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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TERENCE G. HABERMEHL

CLINTON COUNTY AUDITOR
46 S. SOUTH ST
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(937)-382-2250

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Port Authority did not properly maintain capital asset listing.	Corrective Action Taken and Finding is Fully Corrected	
2017-002	Budget and Actual statements did not reflect official budget amounts.	Corrective Action Taken and Finding is Fully Corrected	
2017-003	ORC 5705.39 – Appropriations exceeded estimated resources.	Corrective Action Taken and Finding is Fully Corrected	

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TERENCE G. HABERMEHL

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	In future reporting years, the county will request a copy of the analytics from the GAAP conversion team comparing the prior year to the current year. This will allow for an overview to find material differences. For any amounts that seem to be material, the Auditor's office will request an explanation to ensure that they are reasonable or if there are mistakes in the data presented.	03/31/2020	Logan M. Bailey
2018-002	NO COMMENT PROVIDED		

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OHIO AUDITOR OF STATE
KEITH FABER

CLINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 8, 2019