



OHIO AUDITOR OF STATE
KEITH FABER



**GALLIA COUNTY
DECEMBER 31, 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)	
General Fund.....	22
Motor Vehicle Gasoline Tax Fund	23
Job and Family Services Fund	24
Board of Developmental Disabilities Fund	25
Statement of Fund Net Position	
Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds	27
Statement of Cash Flows	
Proprietary Funds	28
Statement of Fiduciary Assets and Liabilities	
Agency Funds.....	29
Notes to the Basic Financial Statements.....	31

**GALLIA COUNTY
DECEMBER 31, 2018**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Prepared by Management (Continued):	
Required Supplementary Information:	
Condition Assessments of the County's Infrastructure Reported Using the Modified Approach	91
Schedule of the County's Proportionate Share of the Net Pension Liability Ohio Public Employees Retirement System – Traditional Plan - Last Five Years.....	99
Schedule of the County's Proportionate Share of the Net Pension Asset Ohio Public Employees Retirement System – Combined Plan	100
Schedule of the County's Proportionate Share of the Net OPEB Liability Ohio Public Employees Retirement System – OPEB Plan - Last Two Years	101
Schedule of the County's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio – Last Six Fiscal Years	102
Schedule of the County's Proportionate Share of the Net OPEB Liability State Teachers Retirement System of Ohio – Last Two Years	103
Schedule of County Contributions Ohio Public Employees Retirement System – Last Six Years.....	104
Schedule of County Contributions State Teachers Retirement System of Ohio - Last Ten Years.....	106
Notes to the Required Supplementary Information	108
Schedule of Expenditures of Federal Awards	111
Notes to the Schedule of Expenditures of Federal Awards.....	113
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	115
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	117
Schedule of Findings.....	119
Corrective Action Plan (Prepared by Management)	124

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia 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, Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The County also restated capital assets due to a prior year overstatement. 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 for infrastructure assets accounted for using the modified approach*, 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 the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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 19, 2019

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Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for year 2018 are as follows:

- In total, net position decreased \$751,328. Net position of governmental activities decreased \$748,583, or 0.72 percent from 2017. Net position of business-type activities decreased \$118,534 from 2017.
- Overall, the fund balance of governmental funds increased \$1,073,434. While the General Fund decreased \$775,010, the Motor Vehicle Gasoline Tax Fund increased \$859,785, the Job and Family Services Fund decreased \$14,847, and the Board of Developmental Disabilities Fund increased \$655,427.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County. Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column.

Reporting Gallia County as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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

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

Reporting the Gallia County's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 18. Fund financial reports provide detailed information about the County's major funds. Based upon restrictions on the use of monies, the County has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. The County's major funds are the General Fund; the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds; and the Sewer Enterprise Fund.

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

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

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

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

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

GALLIA COUNTY AS A WHOLE

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

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$24,134,184	\$22,668,653	\$1,571,291	\$1,539,493	\$25,705,475	\$24,208,146
Net Pension Asset	85,091	0	0	0	85,091	0
Net OPEB Asset	60,774	0	0	0	60,774	0
Capital Assets, Net	109,420,072	109,951,862	18,658,525	18,852,313	128,078,597	128,804,175
<i>Total Assets</i>	<u>133,700,121</u>	<u>132,620,515</u>	<u>20,229,816</u>	<u>20,391,806</u>	<u>153,929,937</u>	<u>153,012,321</u>
Deferred Outflows of Resources						
Pension	3,267,832	6,666,074	0	0	3,267,832	6,666,074
OPEB	683,889	103,146			683,889	103,146
<i>Total Deferred Outflows of Resources</i>	<u>3,951,721</u>	<u>6,769,220</u>	<u>0</u>	<u>0</u>	<u>3,951,721</u>	<u>6,769,220</u>
Liabilities						
Current and Other Liabilities	2,309,082	2,500,312	171,189	842,276	2,480,271	3,342,588
Long-Term Liabilities:						
Due within One Year	240,913	202,849	195,871	181,558	436,784	384,407
Due in More than One Year						
Net Pension Liability	12,484,642	17,377,901	0	0	12,484,642	17,377,901
Net OPEB Liability	7,822,579	7,287,145			7,822,579	7,287,145
Other Amounts	2,785,992	3,004,239	9,636,276	9,022,958	12,422,268	12,027,197
<i>Total Liabilities</i>	<u>25,643,208</u>	<u>30,372,446</u>	<u>10,003,336</u>	<u>10,046,792</u>	<u>35,646,544</u>	<u>40,419,238</u>
Deferred Inflows of Resources						
Property Taxes	4,685,357	4,062,265	0	0	4,685,357	4,062,265
Pension	3,157,361	722,550	0	0	3,157,361	722,550
OPEB	682,025	0	0	0	682,025	0
<i>Total Deferred Inflows of Resources</i>	<u>8,524,743</u>	<u>4,784,815</u>	<u>0</u>	<u>0</u>	<u>8,524,743</u>	<u>4,784,815</u>
Net Position						
Net Investment in Capital Assets	106,766,654	107,113,558	8,833,407	8,957,699	115,600,061	116,071,257
Restricted	11,093,275	9,373,606	0	0	11,093,275	9,373,606
Unrestricted (Deficit)	(14,376,038)	(12,254,690)	1,393,073	1,387,315	(12,982,965)	(10,867,375)
<i>Total Net Position</i>	<u>\$103,483,891</u>	<u>\$104,232,474</u>	<u>\$10,226,480</u>	<u>\$10,345,014</u>	<u>\$113,710,371</u>	<u>\$114,577,488</u>

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 fiscal year 2018, the County 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 the net pension/OPEB asset and deferred outflows related to pension and OPEB.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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 OPEB 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 (asset) and the net OPEB liability (asset) 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.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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 (asset) and net OPEB (asset) liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the County is reporting a net OPEB liability (asset) 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, from \$112,329,743 to 105,145,744.

Governmental activities assets increased \$1,079,606, due mostly to increases in equity in pooled cash and cash equivalents and property taxes receivable, offset by decreases in capital assets and intergovernmental receivables. Property taxes receivable increased in the amount of \$639,043 due to a new 1 mill levy for the Board of Developmental Disabilities. Equity in pooled cash and cash equivalents increased \$1,328,349. Intergovernmental receivables decreased in the amount of \$622,656, due to a decrease in grant funding. Deferred outflows related to pension and OPEB decreased \$2,817,499. The significant decrease in total deferred outflow of resources in 2018 was mostly due to outflows resulting from the difference between projected and actual earnings on investments and a change in assumptions the OPERS retirement system used in calculations of the Net Pension Liability.

Total governmental activities liabilities decreased \$4,729,238, due mostly to net pension liability. Net pension liability decreased \$4,893,259. The net pension liability decrease represents the County's proportionate share of the OPERS traditional and combined plans' unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Total business-type activities assets decreased \$161,990. Capital assets decreased by \$193,788, due to depreciation which was offset by ongoing construction in progress. The decrease in total assets was slightly offset by a \$39,968 increase in accounts receivable resulting from an increase in sewer customers from the recent sewer line projects.

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

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$5,506,912	\$5,582,247	\$1,011,663	\$706,165	\$6,518,575	\$6,288,412
Operating Grants, Contributions and Interest	16,883,467	16,845,907	0	0	16,883,467	16,845,907
Capital Grants and Contributions	37,110	0	110,513	608,833	147,623	608,833
<i>Total Program Revenues</i>	<u>22,427,489</u>	<u>22,428,154</u>	<u>1,122,176</u>	<u>1,314,998</u>	<u>23,549,665</u>	<u>23,743,152</u>
General Revenues:						
Property Taxes	4,554,773	3,662,510	0	0	4,554,773	3,662,510
Sales Taxes	4,884,932	5,516,740	0	0	4,884,932	5,516,740
Grants and Entitlements	995,797	2,111,470	0	0	995,797	2,111,470
Gifts and Donations	23,995	250	0	0	23,995	250
Interest	131,221	90,245	11,608	7,035	142,829	97,280
Gain on Sale of Capital Assets	23,682	38,813	0	0	23,682	38,813
Insurance Recoveries	59,178	287,431	0	0	59,178	287,431
Miscellaneous	716,416	1,368,377	35,325	21,089	751,741	1,389,466
<i>Total General Revenues</i>	<u>11,389,994</u>	<u>13,075,836</u>	<u>46,933</u>	<u>28,124</u>	<u>11,436,927</u>	<u>13,103,960</u>
Total Revenues	<u>33,817,483</u>	<u>35,503,990</u>	<u>1,169,109</u>	<u>1,343,122</u>	<u>34,986,592</u>	<u>36,847,112</u>
Program Expenses						
General Government:						
Legislative and Executive	5,618,831	6,066,580	0	0	5,618,831	6,066,580
Judicial	2,611,744	2,512,049	0	0	2,611,744	2,512,049
Public Safety	7,009,485	6,746,951	0	0	7,009,485	6,746,951
Public Works	4,999,866	5,047,149	0	0	4,999,866	5,047,149
Health	4,018,082	2,821,852	0	0	4,018,082	2,821,852
Human Services	9,823,465	9,594,096	0	0	9,823,465	9,594,096
Economic Development	374,374	675,953	0	0	374,374	675,953
Interest and Fiscal Charges	110,219	108,870	0	0	110,219	108,870
Sewer	0	0	1,287,643	1,117,342	1,287,643	1,117,342
<i>Total Program Expenses</i>	<u>34,566,066</u>	<u>33,573,500</u>	<u>1,287,643</u>	<u>1,117,342</u>	<u>35,853,709</u>	<u>34,690,842</u>
Change in Net Position	(748,583)	1,930,490	(118,534)	225,780	(867,117)	2,156,270
<i>Net Position at Beginning of Year (Restated)</i>	<u>104,232,474</u>	<u>N/A</u>	<u>10,345,014</u>	<u>10,119,234</u>	<u>114,577,488</u>	<u>N/A</u>
<i>Net Position at End of Year</i>	<u>\$103,483,891</u>	<u>\$104,232,474</u>	<u>\$10,226,480</u>	<u>\$10,345,014</u>	<u>\$113,710,371</u>	<u>\$114,577,488</u>

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 \$103,146 computed under GASB 45. GASB 45 required recognizing pension 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 \$581,334. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Total 2018 program expenses under GASB 75	\$34,566,066
OPEB expense under GASB 75	581,334
2018 contractually required contribution	5,392
Adjusted 2018 program expenses	35,152,792
Total 2017 program expenses under GASB 45	33,573,500
Decrease in program expenses not related to OPEB	\$1,579,292

Governmental Activities

Program revenues accounted for 66.32 percent of total revenues for governmental activities in 2018. Governmental activities services are primarily funded through these program revenues, with operating grants accounting for \$16,883,467 or 49.93 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds.

The County's direct charges to users of governmental services made up \$5,506,912 or 16.28 percent of total governmental revenues. These charges are for fees associated with emergency medical services, the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits, and public assistance fees.

General revenues, primarily property and sales taxes, accounted for 33.68 percent of total revenues. This highlights the County's dependence upon its citizens and taxpayers to fund those programs most important to them.

Human service programs accounted for \$9,823,465 or 28.42 percent of total expenses for governmental activities. The expenses are primarily for Job and Family Services, Children's Services, and Child Support Enforcement activity. These activities are almost entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$7,009,485 or 20.28 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity at the lowest cost to the taxpayer. The Work Release Center is an example of this philosophy.

Public works programs accounted for \$4,999,866 or 14.46 percent of all governmental activities. These activities are paid entirely with program revenues. The funding from other governmental granting agencies was used for numerous road and bridge projects throughout the County.

General government legislative and executive and judicial, health, economic development, and interest and fiscal charges expenditures account for the remaining 36.84 percent of governmental expenses.

Business-Type Activities

The County's sewer operations experienced a decrease in net position of \$118,534 during 2018. Charges for services and capital grants accounted for \$1,011,663 and \$110,513, respectively, or 86.53 and 9.45 percent of total revenue. Sewer expenses increased \$170,301 from 2017.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

THE COUNTY'S FUNDS

The County's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$33,780,708 and expenditures of \$32,864,926.

The fund balance of the General Fund decreased \$775,010. The General Fund's unassigned fund balance of \$2,388,802 represented 24.53 percent of current year expenditures. Most of this balance remains in the County's treasury.

The fund balance of the Motor Vehicle Gasoline Tax Special Revenue Fund increased \$859,785. The Motor Vehicle Gasoline Tax Special Revenue Fund's spendable fund balance of \$2,225,707 represented 47.94 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund decreased \$14,847. The Job and Family Services Special Revenue Fund's spendable fund balance of \$260,748 represented 3.43 percent of current year expenditures.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund increased \$655,427. The Board of Developmental Disabilities Special Revenue Fund's spendable fund balance of \$1,224,690 represented 32.82 percent of current year expenditures.

The net position of the Sewer Enterprise Fund decreased \$118,534. The Sewer Fund's unrestricted net position of \$1,393,073 represented 108.19 percent of current year expenses.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2018, the County amended its General Fund budget several times, though none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be changes during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, increases of \$1,241,907 were made to the original budgeted revenues. Final budgeted expenditures increased \$330,167 from the original amount. Gallia County's ending unencumbered fund balance in the General Fund was \$38,403 more than the final budgeted amount.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the County had \$109,420,072 in governmental activities and \$18,658,525 in business-type activities invested in land, infrastructure, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 3 shows 2018 balances compared to 2017.

(Table 3)
 Capital Assets at December 31, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$648,565	\$648,565	\$0	\$0	\$648,565	\$648,565
Infrastructure	97,604,504	97,604,504	8,787,970	9,109,155	106,392,474	106,713,659
Construction in Progress	0	0	9,727,168	9,674,460	9,727,168	9,674,460
Land Improvements	79,464	84,837	0	0	79,464	84,837
Building and Improvements	8,672,827	9,053,126	0	0	8,672,827	9,053,126
Furniture, Fixtures, and Equipment	1,309,298	1,296,355	95,130	18,472	1,404,428	1,314,827
Vehicles	1,105,414	1,264,475	48,257	50,226	1,153,671	1,314,701
Totals	\$109,420,072	\$109,951,862	\$18,658,525	\$18,852,313	\$128,078,597	\$128,804,175

The assets of the County are reported at cost, net of depreciation. The County uses the modified approach to present infrastructure for its governmental type activities. Disclosures about the condition assessments for infrastructure can be found in the Required Supplementary Information. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt

By year end, the County had various bonds, loans, and capital leases payable, totaling \$12,472,842 of which \$422,258 is due within one year.

(Table 4)
 Outstanding Debt at December 31, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$2,184,097	\$2,279,045	\$0	\$0	\$2,184,097	\$2,279,045
Revenue Bonds	0	0	6,272,000	6,393,300	6,272,000	6,393,300
OWDA Loans	0	0	2,656,341	1,871,352	2,656,341	1,871,352
OPWC Loans	133,083	158,079	891,083	927,760	1,024,166	1,085,839
Capital Leases	336,238	401,180	0	0	336,238	401,180
Totals	\$2,653,418	\$2,838,304	\$9,819,424	\$9,192,412	\$12,472,842	\$12,030,716

The County's overall legal debt margin was \$16,641,525 at December 31, 2018. For additional information on the County's debt, see Notes 19 and 24 to the basic financial statements.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

CURRENT ISSUES

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

CONTACTING THE COUNTY AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Larry M. Betz, Gallia County Auditor, 18 Locust Street, Gallipolis, Ohio 45631.

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,198,080	\$1,401,789	\$13,599,869
Cash and Cash Equivalents in Segregated Accounts	79,787	0	79,787
Cash and Cash Equivalents with Fiscal Agents	167,863	0	167,863
Accrued Interest Receivable	27,507	0	27,507
Accounts Receivable	380,399	262,601	643,000
Internal Balances	95,573	(95,573)	0
Intergovernmental Receivable	3,727,611	715	3,728,326
Sales Tax Receivable	1,247,530	0	1,247,530
Materials and Supplies Inventory	231,151	0	231,151
Prepaid Items	207,662	1,759	209,421
Loans Receivable	566,242	0	566,242
Property Taxes Receivable	5,204,779	0	5,204,779
Net Pension Asset	85,091	0	85,091
Net OPEB Asset	60,774	0	60,774
Nondepreciable Capital Assets	98,253,069	9,727,168	107,980,237
Depreciable Capital Assets, Net	11,167,003	8,931,357	20,098,360
<i>Total Assets</i>	<u>133,700,121</u>	<u>20,229,816</u>	<u>153,929,937</u>
Deferred Outflows of Resources			
Pension	3,267,832	0	3,267,832
OPEB	683,889	0	683,889
<i>Total Deferred Outflows of Resources</i>	<u>3,951,721</u>	<u>0</u>	<u>3,951,721</u>
Liabilities			
Accounts Payable	522,216	19,133	541,349
Contracts Payable	2,853	5,694	8,547
Accrued Wages Payable	651,035	8,437	659,472
Vacation and Other Leave Benefits Payable	786,792	9,208	796,000
Intergovernmental Payable	289,418	22,142	311,560
Accrued Interest Payable	19,150	106,575	125,725
Unearned Revenue	37,618	0	37,618
Long-Term Liabilities:			
Due within One Year	240,913	195,871	436,784
Due in More than One Year:			
Net Pension Liability (See Note 12)	12,484,642	0	12,484,642
Net OPEB Liability (See Note 13)	7,822,579	0	7,822,579
Other Amounts Due in More than One Year	2,785,992	9,636,276	12,422,268
<i>Total Liabilities</i>	<u>25,643,208</u>	<u>10,003,336</u>	<u>35,646,544</u>
Deferred Inflows of Resources			
Property Taxes	4,685,357	0	4,685,357
Pension	3,157,361	0	3,157,361
OPEB	682,025	0	682,025
<i>Total Deferred Inflows of Resources</i>	<u>8,524,743</u>	<u>0</u>	<u>8,524,743</u>
Net Position			
Net Investment in Capital Assets	106,766,654	8,833,407	115,600,061
Restricted for:			
Debt Service	90,180	0	90,180
Job and Family Services	285,435	0	285,435
Court Operations	1,479,835	0	1,479,835
Sheriff Operations	101,566	0	101,566
Emergency Management Services	1,189,067	0	1,189,067
Real Estate Management	867,669	0	867,669
Roads and Bridges	3,703,878	0	3,703,878
Developmental Disabilities	1,608,972	0	1,608,972
Economic Development	914,150	0	914,150
Childrens Services Operations	145,684	0	145,684
Child Support Services	673,608	0	673,608
Unclaimed Monies	30,824	0	30,824
Other Purposes	2,407	0	2,407
Unrestricted (Deficit)	(14,376,038)	1,393,073	(12,982,965)
<i>Total Net Position</i>	<u>\$103,483,891</u>	<u>\$10,226,480</u>	<u>\$113,710,371</u>

See accompanying notes to the basic financial statements

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

	Expenses	Charges for Services	Program Revenues	
			Operating Grants, Contributions and Interest	Capital Grants
Governmental Activities				
General Government:				
Legislative and Executive	\$5,618,831	\$1,851,966	\$221,836	\$0
Judicial	2,611,744	887,084	480,472	0
Public Safety	7,009,485	1,534,579	198,376	37,110
Public Works	4,999,866	210,497	5,274,432	0
Health	4,018,082	320,140	2,147,520	0
Human Services	9,823,465	617,735	8,466,962	0
Economic Development	374,374	84,911	93,869	0
Interest and Fiscal Charges	110,219	0	0	0
<i>Total Governmental Activities</i>	34,566,066	5,506,912	16,883,467	37,110
Business-Type Activity				
Sewer	1,287,643	1,011,663	0	110,513
<i>Total Primary Government</i>	<u>\$35,853,709</u>	<u>\$6,518,575</u>	<u>\$16,883,467</u>	<u>\$147,623</u>

General Revenues

Property Taxes Levied for:

General Purposes

Board of Developmental Disabilities

Sales Taxes Levied for:

General Purposes

Public Safety

Grants and Entitlements not Restricted to Specific Programs

Gifts and Donations

Interest

Gain on Sale of Capital Assets

Insurance Recoveries

Other Revenues

Total General Revenues

Change in Net Position

Net Position at Beginning of Year (Restated - See Note 3)

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activity	Total
(\$3,545,029)	\$0	(\$3,545,029)
(1,244,188)	0	(1,244,188)
(5,239,420)	0	(5,239,420)
485,063	0	485,063
(1,550,422)	0	(1,550,422)
(738,768)	0	(738,768)
(195,594)	0	(195,594)
(110,219)	0	(110,219)
(12,138,577)	0	(12,138,577)
<u>0</u>	<u>(165,467)</u>	<u>(165,467)</u>
<u>(12,138,577)</u>	<u>(165,467)</u>	<u>(12,304,044)</u>
2,528,657	0	2,528,657
2,026,116	0	2,026,116
3,907,923	0	3,907,923
977,009	0	977,009
995,797	0	995,797
23,995	0	23,995
131,221	11,608	142,829
23,682	0	23,682
59,178	0	59,178
716,416	35,325	751,741
<u>11,389,994</u>	<u>46,933</u>	<u>11,436,927</u>
(748,583)	(118,534)	(867,117)
<u>104,232,474</u>	<u>10,345,014</u>	<u>114,577,488</u>
<u>\$103,483,891</u>	<u>\$10,226,480</u>	<u>\$113,710,371</u>

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

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,217,420	\$1,368,524	\$676,564	\$1,070,161	\$5,516,505	\$11,849,174
Cash and Cash Equivalents in Segregated Accounts	8,775	0	0	0	37,366	46,141
Cash and Cash Equivalents with Fiscal Agents	0	0	0	167,863	0	167,863
Restricted Assets:						
Cash and Cash Equivalents	30,824	0	0	0	0	30,824
Receivables:						
Property Taxes	3,165,696	0	0	2,039,083	0	5,204,779
Sales Taxes	998,018	0	0	0	249,512	1,247,530
Accrued Interest	27,507	0	0	0	0	27,507
Accounts	49,681	0	0	0	330,718	380,399
Intergovernmental	544,847	2,376,362	89,576	451,049	265,777	3,727,611
Loans	0	0	0	0	566,242	566,242
Interfund	317,667	0	29,823	1,079	83,199	431,768
Materials and Supplies Inventory	0	231,151	0	0	0	231,151
Prepaid Items	116,011	13,968	17,935	20,472	39,276	207,662
<i>Total Assets</i>	<u>\$8,476,446</u>	<u>\$3,990,005</u>	<u>\$813,898</u>	<u>\$3,749,707</u>	<u>\$7,088,595</u>	<u>\$24,118,651</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$68,857	\$43,965	\$230,182	\$17,252	\$161,960	\$522,216
Contracts Payable	0	0	0	0	2,853	2,853
Accrued Wages Payable	236,922	57,067	88,253	97,665	171,128	651,035
Intergovernmental Payable	152,537	8,860	65,008	22,159	40,854	289,418
Interfund Payable	0	31,001	62,196	45,436	197,562	336,195
Unearned Revenue	0	0	0	0	37,618	37,618
<i>Total Liabilities</i>	<u>458,316</u>	<u>140,893</u>	<u>445,639</u>	<u>182,512</u>	<u>611,975</u>	<u>1,839,335</u>
Deferred Inflows of Resources						
Property Taxes not Levied to Finance Current Year Operations	2,863,870	0	0	1,821,487	0	4,685,357
Unavailable Revenue	1,042,168	1,378,286	89,576	500,546	352,189	3,362,765
<i>Total Deferred Inflows of Resources</i>	<u>3,906,038</u>	<u>1,378,286</u>	<u>89,576</u>	<u>2,322,033</u>	<u>352,189</u>	<u>8,048,122</u>
Fund Balances						
Nonspendable	146,835	245,119	17,935	20,472	39,276	469,637
Restricted	0	2,225,707	260,748	1,224,690	5,477,347	9,188,492
Committed	3,482	0	0	0	617,471	620,953
Assigned	1,572,973	0	0	0	0	1,572,973
Unassigned	2,388,802	0	0	0	(9,663)	2,379,139
<i>Total Fund Balances</i>	<u>4,112,092</u>	<u>2,470,826</u>	<u>278,683</u>	<u>1,245,162</u>	<u>6,124,431</u>	<u>14,231,194</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,476,446</u>	<u>\$3,990,005</u>	<u>\$813,898</u>	<u>\$3,749,707</u>	<u>\$7,088,595</u>	<u>\$24,118,651</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances		\$14,231,194
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		109,420,072
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	519,422	
Sales Taxes	446,227	
Intergovernmental Revenues	2,179,016	
Charges for Services	130,317	
Interest	27,507	
Other Revenues	60,276	3,362,765
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net position:		351,728
Vacation and Other Leave Benefits Payable is recognized for earned vacations and other leave benefits that are to be used within one year but is not recognized on the balance sheet until due.		(786,792)
The net pension asset, net OPEB asset, net pension liability and net OPEB liability are not due and payable in the current period: therefore, the asset, liabilities, and related deferred inflows/outflows are not reported in governmental funds:		
Net Pension Asset	85,091	
Deferred Outflows - Pension	3,267,832	
Deferred Inflows - Pension	(3,157,361)	
Net Pension Liability	(12,484,642)	
Net OPEB Asset	60,774	
Deferred Outflows - OPEB	683,889	
Deferred Inflows - OPEB	(682,025)	
Net OPEB Liability	(7,822,579)	(20,049,021)
Long-term liabilities, accrued interest, and vacation benefits that are not due and payable in the current period and therefore are not reported in the funds:		
GO Bonds Payable	(2,184,097)	
OPWC Loans Payable	(133,083)	
Capital Leases Payable	(336,238)	
Accrued Interest Payable	(19,150)	
Compensated Absences	(373,487)	(3,046,055)
 Net Position of Governmental Activities		 \$103,483,891

See accompanying notes to the basic financial statements

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

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$2,583,861	\$0	\$0	\$1,954,961	\$0	\$4,538,822
Sales Taxes	3,903,666	0	0	0	975,934	4,879,600
Intergovernmental	1,209,829	5,256,997	7,099,499	2,173,199	2,334,548	18,074,072
Charges for Services	1,507,341	172,247	325,413	245,880	2,625,897	4,876,778
Licenses and Permits	2,508	20,408	0	0	23,672	46,588
Fines and Forfeitures	197,368	14,224	0	0	192,884	404,476
Interest	103,714	7,173	0	0	431	111,318
Rent	64,907	0	19,525	25,553	51,363	161,348
Gifts and Donations	23,995	0	0	50	7,372	31,417
Other	338,287	16,170	43,477	78,265	180,090	656,289
Total Revenues	9,935,476	5,487,219	7,487,914	4,477,908	6,392,191	33,780,708
Expenditures						
Current:						
General Government:						
Legislative and Executive	4,635,534	0	0	0	571,557	5,207,091
Judicial	1,053,281	0	0	0	1,390,061	2,443,342
Public Safety	3,619,646	0	0	0	2,891,028	6,510,674
Public Works	66,767	4,584,231	0	0	34,123	4,685,121
Health	33,169	0	0	3,731,268	94,180	3,858,617
Human Services	330,556	0	7,595,914	0	1,609,727	9,536,197
Economic Development	0	0	0	0	261,128	261,128
Debt Service:						
Principal Retirement	0	49,091	0	0	205,775	254,866
Interest and Fiscal Charges	0	9,283	0	0	98,607	107,890
Total Expenditures	9,738,953	4,642,605	7,595,914	3,731,268	7,156,186	32,864,926
<i>Excess of Revenues Over (Under) Expenditures</i>	196,523	844,614	(108,000)	746,640	(763,995)	915,782
Other Financing Sources (Uses)						
Insurance Recoveries	59,178	0	0	0	0	59,178
Proceeds from Sale of Capital Assets	28,494	0	0	0	0	28,494
Inception of Capital Lease	0	0	0	0	69,980	69,980
Transfers In	0	40,167	93,153	0	1,064,713	1,198,033
Transfers Out	(1,059,205)	(24,996)	0	(91,213)	(22,619)	(1,198,033)
Total Other Financing Sources (Uses)	(971,533)	15,171	93,153	(91,213)	1,112,074	157,652
Net Change in Fund Balance	(775,010)	859,785	(14,847)	655,427	348,079	1,073,434
Fund Balances at Beginning of Year	4,887,102	1,611,041	293,530	589,735	5,776,352	13,157,760
Fund Balances at End of Year	\$4,112,092	\$2,470,826	\$278,683	\$1,245,162	\$6,124,431	\$14,231,194

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018*

Net Change in Fund Balances - Total Governmental Funds \$1,073,434

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period

Capital Assets Additions	327,213	
Depreciation Expense	<u>(854,191)</u>	(526,978)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and gain on disposal of assets

Proceeds from Sale of Capital Assets	(28,494)	
Gain on the Sale of Capital Assets	<u>23,682</u>	(4,812)

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

Delinquent Property Taxes	15,951	
Sales Taxes	5,332	
Intergovernmental Revenues:	(172,724)	
Charges for Services	17,722	
Interest	27,507	
Other Revenues	<u>60,127</u>	(46,085)

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

General Obligation Bonds Payable	94,948	
OPWC Loans Payable	24,996	
Capital Leases Payable	<u>134,922</u>	254,866

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (2,329)

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position. (69,980)

The internal service fund used by management to charge the cost of insurance to individual individual funds is not reported in the government-wide statement of activities.

Governmental expenditures and the related internal service fund revenue are eliminated.

The net revenue (expense) of the internal service fund is allocated among the governmental activities: (16,738)

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

Pension	1,493,732	
OPEB	<u>5,392</u>	1,499,124

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

Pension	(2,348,435)	
OPEB	<u>(581,334)</u>	(2,929,769)

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

Vacation and Other Leave Benefits Payable	25,387	
Compensated Absences Payable	<u>(4,703)</u>	<u>20,684</u>

Change in Net Position of Governmental Activities (\$748,583)

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$2,434,198	\$2,578,417	\$2,578,417	\$0
Sales Taxes	3,860,000	3,850,458	3,850,458	0
Intergovernmental	1,037,000	1,335,819	1,335,819	0
Charges for Services	974,860	1,342,289	1,342,289	0
Licenses and Permits	2,160	2,508	2,508	0
Fines and Forfeitures	116,600	191,481	191,481	0
Interest	56,000	103,656	103,656	0
Rent	63,000	64,907	64,907	0
Gifts and Donations	50	23,995	23,995	0
Other	66,235	358,480	358,480	0
<i>Total Revenues</i>	<u>8,610,103</u>	<u>9,852,010</u>	<u>9,852,010</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,469,722	4,646,599	4,646,106	493
Judicial	1,116,385	1,078,204	1,072,886	5,318
Public Safety	3,249,354	3,652,404	3,622,255	30,149
Public Works	68,980	66,526	66,526	0
Health	81,122	36,083	36,083	0
Human Services	503,252	339,166	336,723	2,443
<i>Total Expenditures</i>	<u>9,488,815</u>	<u>9,818,982</u>	<u>9,780,579</u>	<u>38,403</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(878,712)</u>	<u>33,028</u>	<u>71,431</u>	<u>38,403</u>
Other Financing Sources (Uses)				
Insurance Recoveries	2,000	59,178	59,178	0
Proceeds from Sale of Capital Assets	0	8,994	8,994	0
Advances In	350,000	29,637	29,637	0
Advances Out	0	(32,982)	(32,982)	0
Transfers Out	(153,966)	(1,060,858)	(1,060,858)	0
<i>Total Other Financing Sources (Uses)</i>	<u>198,034</u>	<u>(996,031)</u>	<u>(996,031)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(680,678)</u>	<u>(963,003)</u>	<u>(924,600)</u>	<u>38,403</u>
<i>Fund Balance at Beginning of Year</i>	2,718,949	2,718,949	2,718,949	0
Prior Year Encumbrances Appropriated	204,157	204,157	204,157	0
<i>Fund Balance at End of Year</i>	<u>\$2,242,428</u>	<u>\$1,960,103</u>	<u>\$1,998,506</u>	<u>\$38,403</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$4,660,000	\$4,998,240	\$4,998,240	\$0
Charges for Services	150,000	165,968	165,968	0
Licenses and Permits	25,000	20,408	20,408	0
Fines and Forfeitures	10,000	14,903	14,903	0
Interest	5,000	7,173	7,173	0
Other	0	17,677	17,677	0
<i>Total Revenues</i>	4,850,000	5,224,369	5,224,369	0
Expenditures				
Current:				
Public Works	4,888,603	4,886,678	4,886,678	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(38,603)	337,691	337,691	0
Other Financing Sources (Uses)				
Transfers In	0	40,167	40,167	0
Transfers Out	0	(24,996)	(24,996)	0
<i>Total Other Financing Sources (Uses)</i>	0	15,171	15,171	0
<i>Net Change in Fund Balance</i>	(38,603)	352,862	352,862	0
<i>Fund Balance at Beginning of Year</i>	1,015,662	1,015,662	1,015,662	0
<i>Fund Balance at End of Year</i>	\$977,059	\$1,368,524	\$1,368,524	\$0

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$6,227,888	\$7,099,424	\$7,099,424	\$0
Charges for Services	525,000	314,655	314,655	0
Rent	5,000	19,525	19,525	0
Other	20,000	43,477	43,477	0
<i>Total Revenues</i>	6,777,888	7,477,081	7,477,081	0
Expenditures				
Current:				
Human Services	7,283,397	7,529,434	7,529,434	0
<i>Excess of Revenues Under Expenditures</i>	(505,509)	(52,353)	(52,353)	0
Other Financing Sources (Uses)				
Transfers In	206,099	93,153	93,153	0
Advances In	300,000	0	0	0
Advances Out	0	(7,797)	(7,797)	0
<i>Total Other Financing Sources (Uses)</i>	506,099	85,356	85,356	0
<i>Net Change in Fund Balance</i>	590	33,003	33,003	0
<i>Fund Balance at Beginning of Year</i>	643,561	643,561	643,561	0
<i>Fund Balance at End of Year</i>	\$644,151	\$676,564	\$676,564	\$0

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,860,890	\$1,928,554	\$1,928,554	\$0
Intergovernmental	1,159,173	2,161,000	2,161,000	0
Charges for Services	404,000	330,472	330,472	0
Rent	44,000	25,553	25,553	0
Gifts and Donations	5,000	50	50	0
Other	5,000	78,265	78,265	0
<i>Total Revenues</i>	<u>3,478,063</u>	<u>4,523,894</u>	<u>4,523,894</u>	<u>0</u>
Expenditures				
Current:				
Health	<u>2,798,543</u>	<u>3,808,471</u>	<u>3,791,256</u>	<u>17,215</u>
<i>Excess of Revenues Over Expenditures</i>	<u>679,520</u>	<u>715,423</u>	<u>732,638</u>	<u>17,215</u>
Other Financing Uses				
Transfers Out	<u>(91,213)</u>	<u>(91,213)</u>	<u>(91,213)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	588,307	624,210	641,425	17,215
<i>Fund Balance at Beginning of Year</i>	274,872	274,872	274,872	0
Prior Year Encumbrances Appropriated	<u>40,050</u>	<u>40,050</u>	<u>40,050</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$903,229</u></u>	<u><u>\$939,132</u></u>	<u><u>\$956,347</u></u>	<u><u>\$17,215</u></u>

See accompanying notes to the basic financial statements

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

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
Assets		
Current :		
Equity in Pooled Cash and Cash Equivalents	\$1,401,789	\$318,082
Cash and Cash Equivalents in Segregated Accounts	0	33,646
Accounts Receivable	262,601	0
Intergovernmental Receivable	715	0
Prepaid Items	1,759	0
<i>Total Current Assets</i>	<i>1,666,864</i>	<i>351,728</i>
Noncurrent:		
Nondepreciable Capital Assets	9,727,168	0
Depreciable Capital Assets, Net	8,931,357	0
<i>Total Noncurrent Assets</i>	<i>18,658,525</i>	<i>0</i>
<i>Total Assets</i>	<i>20,325,389</i>	<i>351,728</i>
Liabilities		
Current:		
Accounts Payable	19,133	0
Contracts Payable	5,694	0
Accrued Wages Payable	8,437	0
Vacation and Other Leave Benefits Payable	9,208	0
Intergovernmental Payable	22,142	0
Accrued Interest Payable	106,575	0
Interfund Payable	95,573	0
General Obligation Bonds Payable	125,100	0
OPWC Loans Payable	21,167	0
OWDA Loans Payable	49,604	0
<i>Total Current Liabilities</i>	<i>462,633</i>	<i>0</i>
Long-Term:		
Compensated Absences Payable	12,723	0
General Obligation Bonds Payable	6,146,900	0
OPWC Loans Payable	869,916	0
OWDA Loans Payable	2,606,737	0
<i>Total Long-Term Liabilities</i>	<i>9,636,276</i>	<i>0</i>
<i>Total Liabilities</i>	<i>10,098,909</i>	<i>0</i>
Net Position		
Net Investment in Capital Assets	8,833,407	0
Unrestricted	1,393,073	351,728
<i>Total Net Position</i>	<i>\$10,226,480</i>	<i>\$351,728</i>

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenses,
and Changes in Fund Net Position*
Proprietary Funds
For the Year December 31, 2018

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
Operating Revenues		
Charges for Services	\$1,011,663	\$0
Other Operating Revenues	35,325	307,123
	<u>1,046,988</u>	<u>307,123</u>
<i>Total Operating Revenues</i>		
Operating Expenses		
Salaries and Wages	131,588	0
Fringe Benefits	56,611	323,861
Contractual Services	465,362	0
Materials and Supplies	50,641	0
Depreciation	336,642	0
Other	22,893	0
	<u>1,063,737</u>	<u>323,861</u>
<i>Total Operating Expenses</i>		
<i>Operating Income (Loss)</i>	<u>(16,749)</u>	<u>(16,738)</u>
Non-Operating Revenues (Expenses)		
Interest Income	11,608	0
Interest and Fiscal Charges	(223,906)	0
	<u>(212,298)</u>	<u>0</u>
<i>Total Non-Operating Revenues (Expenses)</i>		
<i>Loss before Contributions</i>	<u>(229,047)</u>	<u>(16,738)</u>
Capital Contributions	110,513	0
<i>Change in Net Position</i>	<u>(118,534)</u>	<u>(16,738)</u>
<i>Net Position at Beginning of Year</i>	<u>10,345,014</u>	<u>368,466</u>
<i>Net Position at End of Year</i>	<u>\$10,226,480</u>	<u>\$351,728</u>

See accompanying notes to the basic financial statements

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

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$971,695	\$0
Cash Received from Operating Receipts	0	307,123
Cash Payments for Employee Services and Benefits	(187,428)	(323,861)
Cash Payments to Suppliers for Goods and Services	(505,193)	0
Other Operating Revenues	34,610	0
Other Operating Expenses	(22,893)	0
	<u>290,791</u>	<u>(16,738)</u>
Cash Flows from Non-Capital Financing Activities:		
Advances In	21,283	0
Advances Out	(6,429)	0
	<u>14,854</u>	<u>0</u>
Cash Flows from Investing Activities		
Investment Earnings	11,608	0
	<u>11,608</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(839,362)	0
Proceeds from OPWC Loans	5,657	0
Proceeds from OWDA Loans	884,747	0
Principal Paid on Debt	(263,392)	0
Interest Paid on Debt	(226,175)	0
Capital Contributions	110,513	0
	<u>(328,012)</u>	<u>0</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(328,012)</u>	<u>0</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(10,759)	(16,738)
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,412,548	368,466
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$1,401,789</u>	<u>\$351,728</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
<i>Income (Loss)</i>	(\$16,749)	(\$16,738)
<i>Adjustments:</i>		
Depreciation	336,642	0
(Increase) Decrease in Assets		
Accounts Receivable	(39,968)	0
Intergovernmental Receivable	(715)	0
Increase (Decrease) in Liabilities		
Accounts Payable	10,886	0
Accrued Wages Payable	897	0
Intergovernmental Payable	16,490	0
Interfund Payable	(16,728)	0
Vacation and Other Leave Benefits Payable	(583)	0
Compensated Absences Payable	619	0
	<u>\$290,791</u>	<u>(\$16,738)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$290,791</u>	<u>(\$16,738)</u>

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,524,384
Cash and Cash Equivalents in Segregated Accounts	485,014
Receivables:	
Intergovernmental	1,504,452
Property Taxes	28,299,553
Special Assessments	<u>59,388</u>
<i>Total Assets</i>	<u><u>\$33,872,791</u></u>
Liabilities	
Intergovernmental Payable	\$30,104,827
Deposits Held and Due to Others	<u>3,767,964</u>
<i>Total Liabilities</i>	<u><u>\$33,872,791</u></u>

See accompanying notes to the basic financial statements

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Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 1 - REPORTING ENTITY

Gallia County, Ohio (the County), was created in 1803. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

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

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

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

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the legally separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

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

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

The County is associated with the following organizations that are defined as jointly governed organizations, related organizations, or shared risk pools. These organizations are presented in Notes 20, 21, and 22 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

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

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

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

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

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

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

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

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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 fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, sales taxes, interest, charges for services, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

E. Budgetary Process

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2018 upon which the final appropriations were based.

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

F. Cash and Cash Equivalents

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

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

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

During 2018, investments were limited to the Soil and Water Conservation District's STAR Ohio segregated account. Investments are reported at fair value, which is based on quoted market prices.

During 2018, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. County policy requires interest earned on investments to be credited to the General Fund except where there is a legal requirement or there are bond proceeds for capital improvements. Interest revenue credited to the General Fund during 2018 amounted to \$103,714, which includes \$90,498 assigned from other County funds.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

G. Inventory

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

H. Restricted Assets

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

I. Receivables and Payables

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

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Interfund Balances

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

L. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally 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 enterprise funds are reported both in the business type activities column of the government-wide statement of net position and in the respective funds.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

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

M. Capitalization of Interest

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

N. Compensated Absences

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

On the 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 reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current 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.

P. Fund Balance

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

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

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

Q. Net Position

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

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

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/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 position 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.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

S. Operating Revenues and Expenses

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

T. Internal Activity

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

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County did not have any extraordinary or special items in 2018.

V. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2018, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the County also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

At December 31, 2017, the County's Net Investment in Capital Assets was overstated due to amounts incorrectly included as capital assets. The County determined amounts included in the value of road and bridge infrastructure and construction in progress were overstated and did not meet the criteria to be included as capital assets.

The implementation of this pronouncement and the overstatement of the Net Investment in Capital Assets had the following effect on net position as reported December 31, 2017:

	Governmental Activities
Net Position December 31, 2017	\$112,329,743
Adjustments:	
GASB 75	
Net OPEB Liability	(7,287,145)
Deferred Outflow - Payments Subsequent to Measurement Date	103,146
Overstatement of Capital Assets	(913,270)
Restated Net Position December 31, 2017	\$104,232,474

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.

NOTE 4 - FUND BALANCES

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Fund Balances	General Fund	Motor Vehicle Gas Tax	Job and Family Services	Board of Development Disabilities	Other Governmental Funds	Totals
Nonspendable:						
Inventory	\$0	\$231,151	\$0	\$0	\$0	\$231,151
Prepays	116,011	13,968	17,935	20,472	39,276	207,662
Unclaimed Monies	30,824	0	0	0	0	30,824
<i>Total Nonspendable</i>	<u>146,835</u>	<u>245,119</u>	<u>17,935</u>	<u>20,472</u>	<u>39,276</u>	<u>469,637</u>
Restricted for:						
Roads and Bridges	0	2,225,707	0	0	0	2,225,707
Emergency Management Services	0	0	0	0	1,163,085	1,163,085
Court Operations	0	0	0	0	1,432,779	1,432,779
Real Estate Assessment	0	0	0	0	880,551	880,551
Developmental Disabilities	0	0	0	1,224,690	0	1,224,690
Job and Family Services	0	0	260,748	0	0	260,748
Economic Development	0	0	0	0	913,876	913,876
Childrens Services Operations	0	0	0	0	205,666	205,666
Child Support Services	0	0	0	0	659,309	659,309
Debt Service	0	0	0	0	109,330	109,330
Sheriff Operations	0	0	0	0	110,344	110,344
Other Purposes	0	0	0	0	2,407	2,407
<i>Total Restricted</i>	<u>0</u>	<u>2,225,707</u>	<u>260,748</u>	<u>1,224,690</u>	<u>5,477,347</u>	<u>9,188,492</u>
Committed to:						
Public Safety	3,482	0	0	0	0	3,482
Emergency Medical Services	0	0	0	0	505,819	505,819
Waste Management	0	0	0	0	111,652	111,652
<i>Total Committed</i>	<u>3,482</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>617,471</u>	<u>620,953</u>
Assigned to:						
Purchases on Order	75,415	0	0	0	0	75,415
Year 2019 Appropriations	1,425,915	0	0	0	0	1,425,915
Insurance Claims	71,643	0	0	0	0	71,643
<i>Total Assigned</i>	<u>1,572,973</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,572,973</u>
Unassigned:	<u>2,388,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,663)</u>	<u>2,379,139</u>
<i>Total Fund Balances</i>	<u>\$4,112,092</u>	<u>\$2,470,826</u>	<u>\$278,683</u>	<u>\$1,245,162</u>	<u>\$6,124,431</u>	<u>\$14,231,194</u>

NOTE 5 - DEFICIT FUND BALANCES

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

	<u>Deficit</u>
Special Revenue Funds:	
Airport	\$2,718
Dog and Kennel	6,069

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.
5. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.
6. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (cash).
7. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definitions of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	(\$775,010)	\$859,785	(\$14,847)	\$655,427
Revenue Accruals	558,917	(265,060)	(10,833)	(7,308)
Beginning of the Year:				
Cash with Fiscal Agent	0	0	0	247,564
Unrecorded Cash	35,679	2,210	0	0
Cash in Segregated Accounts	8,680	0	0	0
Prepaid Items	128,083	5,698	20,719	26,049
Agency Fund Cash Allocation	550,165	0	0	33,257
End of the Year:				
Cash with Fiscal Agent	0	0	0	(167,863)
Unrecorded Cash	(41,171)	0	0	0
Cash in Segregated Accounts	(8,775)	0	0	0
Prepaid Items	(116,011)	(13,968)	(17,935)	(20,472)
Agency Fund Cash Allocation	(1,031,591)	0	0	(59,664)
Expenditure Accruals	(66,899)	(235,803)	63,696	(11,415)
Proceeds from Sale of Capital Assets	(19,500)	0	0	0
Advances In	29,637	0	0	0
Advances Out	(32,982)	0	(7,797)	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	22,439	0	0	0
Encumbrances	(166,261)	0	0	(54,150)
Budget Basis	(\$924,600)	\$352,862	\$33,003	\$641,425

NOTE 7 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, 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. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

Cash on Hand At year end, the County had \$86,071 in undeposited cash on hand which is included as a part of “Equity in Pooled Cash and Cash Equivalents”.

Investments As of December 31, 2018, the County had the following investment:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>
Net Asset Value Per Share:			
Star Ohio	\$62,604	Average 44.9 days	AAAm

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

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018, consisted of property taxes, sales taxes, special assessments, accrued interest, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and interfund. All receivables, except property taxes, special assessments, and a portion of the loan receivable, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

A. 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 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 statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 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 \$9.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$536,617,200
Public Utility Tangible Personal Property	<u>281,730,980</u>
Total Assessed Value	<u><u>\$818,348,180</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 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. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Loans Receivable

The Community Development Block Grant Special Revenue Fund reflects a loan receivable of \$566,242. This amount is for the principal owed to the County for State Industrial Site Improvement Fund Grant monies and local monies used to construct a speculative building that was sold to a local manufacturing company and financed by the County. The loan bears no interest. This loan is to be repaid over a 20 year period. The amount scheduled for collection during the subsequent year is \$44,999.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
Gas Excise Tax	\$1,177,214
Motor Vehicle License Tax	768,652
Ohio Public Works Commission Grant	410,267
S18 Special Education Grant	216,652
Casino Tax	182,373
Homestead and Rollback	167,247
Local Government	164,541
Job & Family Services Reimbursements	109,988
Board of Developmental Disabilities Annual Subsidies	75,206
Youth Services Grant	64,773
Worker's Compensation	60,213
Targeted Community Alternatives to Prison Grant	60,131
Therapy Services Reimbursements	44,555
State Victims Assistance Advisory	42,867
Defense of Indigents	35,247
Jail Bills	28,200
Special Education Part B- IDEA	24,828
Miscellaneous	18,569
Title IV-D	12,893
Board of Developmental Disabilities Reimbursements	12,023
Economic Hardship Grant	10,000
Emergency Management Performance Grant	9,005
Early Childhood Special Education	8,664
Priority One Grant	7,337
Title XX	6,161
Victims of Crime Act - Victim Assistance	5,554
Other Government Court Fines	2,747
School Lunch Reimbursement	1,704
Total Governmental	<u>3,727,611</u>
Business-Type Activities:	
Worker's Compensation	<u>715</u>
Total	<u><u>\$3,728,326</u></u>

NOTE 9 - PERMISSIVE SALES AND USE TAX

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

In 2018, the General Fund received \$3,907,923 and the 9-1-1 Special Revenue Fund received \$977,009 in sales and use tax revenue. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2018.

NOTE 10 - CAPITAL ASSETS

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

	Restated Balance at 12/31/17	Additions	Deductions	Balance at 12/31/18
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$648,565	\$0	\$0	\$648,565
Infrastructure	97,604,504	0	0	97,604,504
Total Capital Assets not being Depreciated	<u>98,253,069</u>	<u>0</u>	<u>0</u>	<u>98,253,069</u>
Depreciable Capital Assets:				
Land Improvements	194,421	0	0	194,421
Buildings and Improvements	15,427,659	0	0	15,427,659
Furniture, Fixtures, and Equipment	5,785,577	200,720	(61,574)	5,924,723
Vehicles	4,149,376	126,493	(82,441)	4,193,428
Total Depreciable Capital Assets	<u>25,557,033</u>	<u>327,213</u>	<u>(144,015)</u>	<u>25,740,231</u>
Less Accumulated Depreciation:				
Land Improvements	(109,584)	(5,373)	0	(114,957)
Buildings and Improvements	(6,374,533)	(380,299)	0	(6,754,832)
Furniture, Fixtures, and Equipment	(4,489,222)	(187,777)	61,574	(4,615,425)
Vehicles	(2,884,901)	(280,742)	77,629	(3,088,014)
Total Accumulated Depreciation	<u>(13,858,240)</u>	<u>(854,191) *</u>	<u>139,203</u>	<u>(14,573,228)</u>
Total Capital Assets being Depreciated, Net	<u>11,698,793</u>	<u>(526,978)</u>	<u>(4,812)</u>	<u>11,167,003</u>
Governmental Activities Capital Assets, Net	<u>\$109,951,862</u>	<u>(\$526,978)</u>	<u>(\$4,812)</u>	<u>\$109,420,072</u>

* Depreciation expense was charged to governmental activities as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

General Government:	
Legislative and Executive	\$131,970
Judicial	2,375
Public Safety	205,493
Public Works	199,797
Health	163,030
Human Services	42,556
Economic Development	108,970
Total Depreciation Expense	<u>\$854,191</u>

	Balance at 12/31/17	Additions	Deductions	Balance at 12/31/18
Business-Type Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$9,674,460	\$52,708	\$0	\$9,727,168
Depreciable Capital Assets:				
Infrastructure	12,843,735	0	0	12,843,735
Furniture, Fixtures, and Equipment	59,868	83,696	0	143,564
Vehicles	87,491	6,450	0	93,941
Total Capital Assets being Depreciated	12,991,094	90,146	0	13,081,240
Less Accumulated Depreciation:				
Infrastructure	(3,734,580)	(321,185)	0	(4,055,765)
Furniture, Fixtures, and Equipment	(41,396)	(7,038)	0	(48,434)
Vehicles	(37,265)	(8,419)	0	(45,684)
Total Accumulated Depreciation	(3,813,241)	(336,642)	0	(4,149,883)
Total Capital Assets being Depreciated, Net	9,177,853	(246,496)	0	8,931,357
Business-Type Activities Capital Assets, Net	<u>\$18,852,313</u>	<u>(\$193,788)</u>	<u>\$0</u>	<u>\$18,658,525</u>

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

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 22A), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Property	Deductible	Limits of Coverage
Real Property	\$2,500	\$70,453,655
General Liability	2,500	1,000,000 Per Occurrence
Law Enforcement	2,500	1,000,000 Per Occurrence
Equipment Breakdown	2,500	100,000,000
Medical Expense:	2,500	5,000/50,000
Employer's Liability (Stop Gap)	2,500	No Annual Aggregate
Electronic Equipment/Media Coverage:		
Electronic Media	2,500	250,000 Per Occurrence
Extra Expense	2,500	25,000 Per Occurrence
Crime Coverage:		
Theft, Disappearance, Destruction	2,500	1,000,000 Per Occurrence
Employee Dishonesty	0	1,000,000 Per Occurrence
Forgery and Alteration	2,500	1,000,000 Per Occurrence
Computer Fraud	2,500	500,000 Per Occurrence
Automobile	2,500	1,000,000 Per Occurrence

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

B. Workers' Compensation

For 2018, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 22B). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

C. Medical Expense Reimbursement Plan

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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 pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan 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	Traditional Plan 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	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

When a traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0%	**	***
2018 Actual Contribution Rates			
Employer:			
Pension ****	14.0%	18.1%	18.1%
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

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

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2018, the County's contractually required contribution was \$1,386,207 for the traditional plan, \$43,064 for the combined plan, and \$13,480 for the member-directed plan. Of these amounts, \$83,518 is reported as an intergovernmental payable for the traditional plan, \$2,558 for the combined plan, and \$1,121 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 2018 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2018, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$64,461 for 2018. Of this amount, \$3,914 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the County's defined benefit pension plans:

	<u>OPERS</u> <u>Traditional Plan</u>	<u>OPERS</u> <u>Combined Plan</u>	<u>STRS</u>	
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.07427973%	0.06250602%	0.00378207%	
Prior Measurement Date	<u>0.07229004%</u>	<u>0.06316113%</u>	<u>0.00404990%</u>	
Change in Proportionate Share	<u>0.00198969%</u>	<u>-0.00065511%</u>	<u>-0.00026783%</u>	
				<u>Total</u>
Proportionate Share of the:				
Net Pension Liability	\$11,653,050	\$0	\$831,592	\$12,484,642
Net Pension Asset	0	85,091	0	85,091
Pension Expense	2,375,296	(54,071)	27,210	2,348,435

2018 pension expense for the member-directed defined contribution plan was \$13,480.

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$11,900	\$0	\$19,196	\$31,096
Changes of assumptions	1,392,617	7,436	147,374	1,547,427
Changes in proportion and differences between County contributions and proportionate share of contributions	208,353	319	18,010	226,682
County contributions subsequent to the measurement date	1,386,207	43,064	33,356	1,462,627
Total Deferred Outflows of Resources	\$2,999,077	\$50,819	\$217,936	\$3,267,832
Deferred Inflows of Resources				
Differences between expected and actual experience	\$229,645	\$25,350	\$5,431	\$260,426
Net difference between projected and actual earnings on pension plan investments	2,501,756	13,425	50,427	2,565,608
Changes in proportion and differences between County contributions and proportionate share of contributions	144,879	0	186,448	331,327
Total Deferred Inflows of Resources	\$2,876,280	\$38,775	\$242,306	\$3,157,361

\$1,462,627 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 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:

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Year Ending December 31:				
2019	\$1,015,335	(\$4,230)	\$18,651	\$1,029,756
2020	(149,096)	(4,597)	(22,726)	(176,419)
2021	(1,101,641)	(7,605)	(32,570)	(1,141,816)
2022	(1,028,008)	(7,287)	(21,081)	(1,056,376)
2023	0	(2,573)	0	(2,573)
Thereafter	0	(4,728)	0	(4,728)
Total	(\$1,263,410)	(\$31,020)	(\$57,726)	(\$1,352,156)

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.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	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 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 for 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.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
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	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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 (Asset) to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$20,692,847	\$11,653,050	\$4,116,583
OPERS Combined Plan	(46,254)	(85,091)	(111,886)

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net pension liability is not known.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

Inflation	2.50 percent
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
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
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	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$1,214,431	\$831,592	\$507,571

NOTE 13 - POSTEMPLOYMENT BENEFITS

See Note 12 for a description of the net OPEB liability

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 \$5,392 for 2018. Of this amount, \$320 is reported as an intergovernmental payable.

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB 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. For STRS, the net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.07058310%	0.00404990%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.07203600%</u>	<u>0.00378207%</u>	
Change in Proportionate Share	<u>0.00145290%</u>	<u>-0.00026783%</u>	
Proportionate Share of the Net:			<u>Total</u>
OPEB Asset	\$0	\$60,774	\$60,774
OPEB Liability	7,822,579	0	7,822,579
OPEB Expense	704,381	(123,047)	581,334

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$6,093	\$3,557	\$9,650
Changes of assumptions	569,566	0	569,566
Changes in proportion and differences between County contributions and proportionate share of contributions	99,281	0	99,281
County contributions subsequent to the measurement date	<u>5,392</u>	<u>0</u>	<u>5,392</u>
Total Deferred Outflows of Resources	<u>\$680,332</u>	<u>\$3,557</u>	<u>\$683,889</u>
Deferred Inflows of Resources			
Changes of assumptions	\$0	\$82,809	\$82,809
Net difference between projected and actual earnings on OPEB plan investments	582,729	6,943	589,672
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>0</u>	<u>9,544</u>	<u>9,544</u>
Total Deferred Inflows of Resources	<u>\$582,729</u>	<u>\$99,296</u>	<u>\$682,025</u>

\$5,392 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase to the net OPEB asset in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$177,008	(\$17,023)	\$159,985
2020	177,008	(17,023)	159,985
2021	(116,120)	(17,023)	(133,143)
2022	(145,685)	(15,446)	(161,131)
2023	0	(14,895)	(14,895)
Thereafter	<u>0</u>	<u>(14,329)</u>	<u>(14,329)</u>
Total	<u>\$92,211</u>	<u>(\$95,739)</u>	<u>(\$3,528)</u>

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.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB 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%)	Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	\$10,392,634	\$7,822,579	\$5,743,430

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Sensitivity of the County’s Proportionate Share of the Net OPEB 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 liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB 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.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB liability	\$7,484,540	\$7,822,579	\$8,171,764

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County’s net OPEB liability is not known.

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
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Medical	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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.

Also 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The 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 as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset 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. Also shown is the net OPEB asset as if it were 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 asset	(\$52,089)	(\$60,774)	(\$68,073)

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$67,661)	(\$60,774)	(\$53,779)

NOTE 14 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plan

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

B. Compensated Absences

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

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Upon retirement, with 10 or more years service with the County, the State, or any of its political subdivisions, all employees except those of the Board of Developmental Disabilities, Engineer, Sheriff, 911, and the Emergency Management Services, are paid 25% of their sick leave up to a maximum of 360 hours. The Board of Developmental Disabilities employees are paid at varying rates of 30% to 50% of all accumulated sick leave depending upon length of service with the Gallia County Board of Developmental Disabilities. The Engineer department employees hired before August 1, 2016, are paid for accumulated sick leave at a rate of 100% up to 30 days, 50% up to 75 days, and 25% for all remaining unused sick leave above 75 days. The Engineer department employees hired after August 1, 2016, are paid for accumulated sick leave at a rate of 80% up to 240 hours. Sheriff department employees are paid 100% for all accumulated sick leave to a maximum of 240 hours. Emergency Management Services employees are paid 25% of their sick leave up to a maximum of 600 hours if hired before 2017. Emergency Management Services employees hired after 2017 are paid 25% of their sick leave up to a maximum of 360 hours. 911 employees are paid 25% of their sick leave or 30 days, whichever is less.

Unused vacation time and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy and can be accumulated up to one year.

C. Insurance Benefits

In 2018, the County contracted with United Healthcare to provide all employees with \$25,000 each in life and accidental death and dismemberment insurance.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The County provides comprehensive major medical and dental insurance through United Healthcare and vision insurance through VSP for all employees except those of the Engineer's office. Monthly premiums are \$710.00 for single coverage and \$1,876.00 for family coverage. The County pays \$622.18 of the premiums for single plans and the County's employees pay the remaining balances. The County pays \$1,595.72 of the premiums for employees participating in the family plan with the remainder being paid by the employee. For the Engineer's office, the County pays \$610.60 for single coverage and the employee pays the remaining balance. For family coverage the County pays \$1,613.36 and the Engineer employees pay the remaining balance.

NOTE 15 - SIGNIFICANT COMMITMENTS

A. Contractual Commitments

As of December 31, 2018, the County had contractual purchase commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2018
Governmental Activities:				
Contractual Services:				
Property Reappraisal	Real Estate Assessment	\$478,000	\$478,000	\$0
Imagery Project	Real Estate Assessment	269,336	150,211	119,125
Total Governmental Activities		747,336	628,211	119,125
Business-Type Activities:				
Green Sewer Improvements		9,861,666	9,727,168	134,498
Total Contractual Commitments		\$10,609,002	\$10,355,379	\$253,623

B. Encumbrances

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

Governmental Funds:	
General Fund	\$166,261
Board of Developmental Disabilities	54,150
Nonmajor Governmental Funds	62,874
Total	\$283,285

NOTE 16 - FOOD STAMPS

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 17 - CONTINGENT LIABILITIES

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

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

NOTE 18 - INTERFUND TRANSFERS AND BALANCES

Interfund balances, as of December 31, 2018, consist of the following individual interfund receivables and payables:

Interfund Payable	Interfund Receivable				Total
	Major Funds			Other Governmental Funds	
	General	Job and Family Services	Board of Developmental Disabilities		
Major Funds:					
Motor Vehicle Gasoline Tax	\$31,001	\$0	\$0	\$0	\$31,001
Job and Family Services	44,242	0	0	17,954	62,196
Board of Developmental Disabilities	45,436	0	0	0	45,436
Other Governmental Funds	101,415	29,823	1,079	65,245	197,562
Sewer Enterprise Fund	95,573	0	0	0	95,573
	<u>\$317,667</u>	<u>\$29,823</u>	<u>\$1,079</u>	<u>\$83,199</u>	<u>\$431,768</u>

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

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Transfer Out	Transfer In			Total
	Major Fund			
	Motor Vehicle and Gasoline Tax	Job and Family Services	Other Governmental Funds	
Major Funds:				
General	\$40,167	\$93,153	\$925,885	\$1,059,205
Motor Vehicle				
Gasoline Tax	0	0	24,996	24,996
Board of Developmental				
Disabilities		0	91,213	91,213
Other Governmental				
Funds	0	0	22,619	22,619
	\$40,167	\$93,153	\$1,064,713	\$1,198,033

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

NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE

In 2018, the County entered into one new lease for three emergency defibrillator systems. In prior years, the County entered into agreements to lease copiers, radio equipment, and an excavator. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Equipment acquired by leases has been capitalized in the government wide statements for governmental activities in the amount of \$662,587, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of \$535,507 as of December 31, 2018. Principal payments for all capital leases during 2018 totaled \$134,922 for governmental activities.

Future minimum lease payments through 2023 are as follows:

Year	Governmental Activities	
	Principal	Interest
2019	\$114,995	\$10,499
2020	55,284	6,882
2021	54,147	4,858
2022	55,099	3,274
2023	56,713	1,661
Total	\$336,238	\$27,174

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Solid Waste Management District

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

The District is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2018.

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

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

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board and it is presented as an Agency Fund. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2018, the County made no payments to the Board.

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

D. Ohio Valley Resource Conservation and Development Area, Inc.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservations and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2018, the County made no contributions to the Ohio Valley Resource Conservation and Development Area, Inc.

E. Gallia-Meigs Community Action Agency

The Gallia-Meigs Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered implemented by the Agency. The County is the fiscal agent for the grant, but the grants are used by the Agency to improve low income family housing in Gallia County. The Agency contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board of County Commissioners exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the Agency. The Agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. In 2018, the County paid \$896,455 to the Agency for services provided to the County.

F. Gallia-Jackson Child Abuse and Neglect Advisory Board

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

G. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Counties. Membership is comprised of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Gallia County for its continued existence. In 2018, the County paid \$5,403 to the Ohio Valley Regional Development Commission for membership.

H. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the “Council), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities (BDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County BDD’s supportive living program monies. As of December 31, 2018, the County had a \$167,863 balance on hand with the Council. These monies are recorded as “Cash and Cash Equivalents with Fiscal Agents” on the County’s financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

J. Regional Child Abuse Prevention Council

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

NOTE 21 - RELATED ORGANIZATIONS

A. O.O. McIntyre Park District

The County Probate Judge is responsible for appointing the three-member board of the O.O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a benefit/burden relationship exist. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District Agency Fund. In addition, the Park District receives one percent of the County’s share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled \$8,754 in 2018. The Park District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the Park District; therefore, the financial activity is reflected in the Park District Agency Fund.

B. Bossard Memorial Library

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

C. Gallia Metropolitan Housing Authority

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

NOTE 22 - SHARED RISK POOLS

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

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2018 was \$178,469.

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

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

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

NOTE 23 - DECLINING MORTGAGE LOANS

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Gallia County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan is released at the end of either a five or ten year period), unless they would sell the residence before the five or ten year period ended. The remaining 15 percent would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15 percent, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnership Program Grants. As of December 31, 2018, the total amount of loans outstanding was \$241,086. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

NOTE 24 - LONG-TERM OBLIGATIONS

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

	Restated Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2006 Early Childhood and Family Center - 4.45%	\$1,153,465	\$0	\$39,884	\$1,113,581	\$41,658
2010 Speculative Building - 4.08%	135,067	0	17,032	118,035	17,736
2010 Airport Hangers - 4.34%	224,671	0	8,490	216,181	8,859
2011 Davis Lot Land - 4.50%	125,742	0	6,642	119,100	6,941
2012 JFS Building - 3.375%	640,100	0	22,900	617,200	23,700
Total General Obligation Bonds	<u>2,279,045</u>	<u>0</u>	<u>94,948</u>	<u>2,184,097</u>	<u>98,894</u>
OPWC Loans:					
2013 OPWC Road Improvements Loan - 0.00%	90,686	0	22,672	68,014	11,336
2015 OPWC Road Improvements Loan - 0.00%	67,393	0	2,324	65,069	1,162
Total OPWC Loans	<u>158,079</u>	<u>0</u>	<u>24,996</u>	<u>133,083</u>	<u>12,498</u>
Net Pension Liability:					
OPERS	16,415,839	0	4,762,789	11,653,050	0
STRS	962,062	0	130,470	831,592	0
Total Net Pension Liability	<u>17,377,901</u>	<u>0</u>	<u>4,893,259</u>	<u>12,484,642</u>	<u>0</u>
Net OPEB Liability:					
OPERS	7,129,133	693,446	0	7,822,579	0
STRS	158,012	0	158,012	0	0
Total Net OPEB Liability	<u>7,287,145</u>	<u>693,446</u>	<u>158,012</u>	<u>7,822,579</u>	<u>0</u>
Capital Leases	401,180	69,980	134,922	336,238	114,995
Compensated Absences	368,784	121,942	117,239	373,487	14,526
Total Governmental Activities	<u>\$27,872,134</u>	<u>\$885,368</u>	<u>\$5,423,376</u>	<u>\$23,334,126</u>	<u>\$240,913</u>

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due in One Year
Business-Type Activities:					
OWDA Loans:					
2008 Green Sewer - 5.21%	\$78,875	\$0	\$1,279	\$77,596	\$0
2014 Green Sewer - 4.30%	194,290	7,819	9,999	192,110	4,996
2014 Green Sewer - 4.40%	103,581	24,542	11,250	116,873	5,625
2015 Green Sewer - 3.15%	672,419	852,386	32,604	1,492,201	16,688
2009 Kanauga/Addison Sewer - 0.00%	243,000	0	18,000	225,000	9,000
2009 Mercerville Sewer - 0.00%	144,990	0	11,598	133,392	5,800
2011 Kanauga/Addison Sewer - 1.00%	434,197	0	15,028	419,169	7,495
Total OWDA Loans	1,871,352	884,747	99,758	2,656,341	49,604
Bonds:					
2000 USDA Sewer Revenue Bonds - 4.50%	1,495,500	0	38,400	1,457,100	40,100
2013 USDA Sewer Revenue Bonds - 3.125%	1,808,800	0	27,900	1,780,900	28,800
2015 USDA Sewer Revenue Bonds - 2.000%	3,089,000	0	55,000	3,034,000	56,200
Total Bonds	6,393,300	0	121,300	6,272,000	125,100
OPWC Loans:					
2002 OPWC Bidwell Porter Sewer - 0.00%	51,750	0	11,500	40,250	5,750
2008 OPWC Kanauga/Addison Sewer - 0.00%	281,667	0	10,834	270,833	5,417
2014 OPWC Green Sewer - 0.00%	594,343	5,657	20,000	580,000	10,000
Total OPWC Loans	927,760	5,657	42,334	891,083	21,167
Compensated Absences	12,104	619	0	12,723	0
Total Business-Type Activities	\$9,204,516	\$891,023	\$263,392	\$9,832,147	\$195,871

A. Governmental Activities

In September 2006, the County issued General Obligation Bonds in the amount of \$1,480,000 at 4.45 percent interest for the purpose of constructing an early childhood and family center. Principal and interest payments are due December 1 of each year through 2036. The bonds will be retired from the Bond Retirement Fund from transfers from the Board of Developmental Disabilities Fund. Principal and interest requirements to retire the County's Early Childhood and Family Center General Obligation Bonds at December 31, 2018, are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year Ended December 31,	Principal	Interest	Total
2019	\$41,658	\$49,554	\$91,212
2020	43,512	47,701	91,213
2021	45,448	45,764	91,212
2022	47,471	43,742	91,213
2023	49,584	41,629	91,213
2024-2028	283,046	173,019	456,065
2029-2033	351,883	104,181	456,064
2034-2036	250,979	22,661	273,640
	<u>\$1,113,581</u>	<u>\$528,251</u>	<u>\$1,641,832</u>

In January 2010, the County issued General Obligation Bonds in the amount of \$250,258 at 4.08 percent interest for the purpose of constructing a speculative building. Principal and interest payments are due December 1 of each year through 2024. The bonds will be retired from the Bond Retirement Fund from transfers from the Community Development Block Grant Fund. In 2011, the County sold the speculative building to a local manufacturing company. A loan receivable in the amount of \$899,984 was set up in the Community Development Block Grant Fund. The proceeds of the receivable will be used to retire the General Obligation Bond. Principal and interest requirements to retire the County's Speculative Building General Obligation Bonds at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$17,736	\$4,883	\$22,619
2020	18,459	4,160	22,619
2021	19,234	3,385	22,619
2022	20,030	2,590	22,620
2023	20,858	1,761	22,619
2024	21,718	901	22,619
	<u>\$118,035</u>	<u>\$17,680</u>	<u>\$135,715</u>

In July 2010, the County issued General Obligation Bonds in the amount of \$275,000 at 4.34 percent interest for the purpose of constructing two airport hangers at the Gallia-Meigs Regional Airport. Principal and interest payments are due December 1 of each year through 2035. The bonds will be retired from hangar rental fees revenue posted to the County's bond retirement fund. Principal and interest requirements to retire the County's Airport General Obligation Bonds at December 31, 2018, are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year Ended December 31,	Principal	Interest	Total
2019	\$8,859	\$9,383	\$18,242
2020	9,244	8,998	18,242
2021	9,645	8,597	18,242
2022	10,063	8,178	18,241
2023	10,500	7,741	18,241
2024-2028	59,746	31,462	91,208
2029-2033	73,886	17,322	91,208
2034-2035	34,238	2,245	36,483
	<u>\$216,181</u>	<u>\$93,926</u>	<u>\$310,107</u>

In December 2011, the County issued General Obligation Bonds in the amount of \$160,000 at 4.50 percent interest for the purpose of purchasing the Davis Hall lot. Principal and interest payments are due December 1 of each year through 2031. The bonds will be retired from the General Fund. Principal and interest requirements to retire the County's Davis Lot General Obligation Bonds at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$6,941	\$5,359	\$12,300
2020	7,253	5,047	12,300
2021	7,579	4,721	12,300
2022	7,920	4,380	12,300
2023	8,277	4,023	12,300
2024-2028	47,318	14,183	61,501
2029-2031	33,813	3,088	36,901
	<u>\$119,101</u>	<u>\$40,801</u>	<u>\$159,902</u>

In July 2012, the County issued General Obligation Bonds in the amount of \$744,000 at 3.375 percent interest for the purpose of purchasing a building for the Job and Family Services department. Principal and interest payments are due July 1 of each year through 2037. The bonds will be retired from building rental fees revenue posted to the County's bond retirement fund. Principal and interest requirements to retire the Job and Family Services Building General Obligation Bonds at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$23,700	\$20,831	\$44,531
2020	24,500	20,031	44,531
2021	25,300	19,204	44,504
2022	26,200	18,350	44,550
2023	27,100	17,466	44,566
2024-2028	149,700	72,988	222,688
2029-2033	176,600	45,971	222,571
2034-2037	164,100	14,074	178,174
	<u>\$617,200</u>	<u>\$228,915</u>	<u>\$846,115</u>

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

In July 2013, the County entered into an Ohio Public Works loan in the amount of \$181,371, interest free, for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2022. The loan will be retired from Motor Vehicle Gasoline Tax Fund. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$11,336
2020	22,671
2021	22,671
2022	11,336
	<u> </u>
	<u>\$68,014</u>

In July 2015, the County entered into an Ohio Public Works loan in the amount of \$150,000, interest free, for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2047. The loan will be retired from Motor Vehicle Gasoline Tax Fund. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$1,162
2020	2,324
2021	2,324
2022	2,324
2023	2,324
2024-2028	11,620
2029-2033	11,619
2034-2038	11,620
2039-2043	11,619
2044-2047	8,133
	<u> </u>
	<u>\$65,069</u>

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

There is no repayment schedule for the net pension/OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Motor Vehicle Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds. For additional information related to the net pension and OPEB liabilities, see Notes 12 and 13.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

B. Business-Type Activities

In June 2006, the County entered into an agreement with Ohio Water Development Authority (OWDA) for a Green Township Sanitary Sewer Study in the amount of \$50,000. On August 28, 2008, the County was approved for a \$325,000 Green Sewer Phase I Design Loan which was used to pay off the Sanitary Sewer Study Loan. On March 31, 2011, the County was approved for an additional \$163,000 for a total of \$488,000. The design loan will be rolled over into a long term construction loan for payment. As of December 31, 2018, \$590,514 has been disbursed on the OWDA Loan, which includes capitalized interest. As of December 31, 2018, the County has repaid \$512,918. A final amortization schedule is not available.

In 2014, the County entered into another agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of \$600,000. As of December 31, 2018, \$232,106 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. The loan is not fully disbursed, and a final amortization schedule is not available.

In 2014, the County entered into an agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of \$225,000. As of December 31, 2018, \$161,873 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. As of December 31, 2018, OWDA had not disbursed the entire amount of the loan.

In 2015, the County entered into an agreement with OWDA for the Green Township Sanitary Sewer Study in the amount of \$1,568,730. As of December 31, 2018, \$1,540,729 has been disbursed on the OWDA Loan, which includes capitalized interest. The loans will be paid from pledged revenues charged for services of the system. As of December 31, 2018, OWDA had not disbursed the entire amount of the loan.

In 2009, the County entered into a Water Pollution Control Loan Fund (WPCLF) agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of \$720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. \$360,000 of this loan was paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2018, \$720,000 was disbursed on this loan; \$360,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi-annual payment amounts are \$9,000 with the date of first payment of January 1, 2012, which was paid during 2011. Principal and interest requirements to retire the County's Kanauga/Addison Sewer OWDA Loan at December 31, 2018, are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year Ended December 31,	Principal
2019	\$9,000
2020	18,000
2021	18,000
2022	18,000
2023	18,000
2024-2028	90,000
2029-2031	54,000
	<u>\$225,000</u>

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). In June 2011, an additional \$110,000 was approved. This loan has a 0% interest rate and a term of 20 years. \$450,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2014, \$450,000 of the loan has been repaid with the above mentioned ARRA grant funding. Principal and interest requirements to retire the County's Mercerville Sewer WPCLF OWDA Loan at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$5,800
2020	11,599
2021	11,599
2022	11,599
2023	11,599
2024-2028	57,996
2029-2030	23,200
	<u>\$133,392</u>

In June 2011, the County entered into an agreement with OWDA for a Community Assistance Fund Loan for additional funding for the Kanauga – Addison Sewer project. The maximum amount of the loan is \$500,000 at a rate of one percent for a term of thirty years. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the loan. Principal and interest requirements to retire the Community Assistance Fund Loan at December 31, 2018, are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year Ended December 31,	Principal	Interest	Total
2019	\$7,495	\$2,171	\$9,666
2020	15,255	4,078	19,333
2021	15,408	3,925	19,333
2022	15,562	3,771	19,333
2023	15,718	3,615	19,333
2024-2028	80,987	15,677	96,664
2029-2033	85,128	11,536	96,664
2034-2038	89,482	7,182	96,664
2039-2043	94,134	2,530	96,664
	<u>\$419,169</u>	<u>\$54,485</u>	<u>\$473,654</u>

In March 2000, the County issued Sewer Revenue Bonds in the amount of \$1,927,000 at an interest rate of 4.50 percent. Principal and interest payments are due March 1 of each year through 2040. These bonds issued through the USDA Rural Development were for the purpose of constructing the Bidwell Porter sewer system. The bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$40,100	\$65,570	\$105,670
2020	42,000	63,765	105,765
2021	43,800	61,875	105,675
2022	45,800	59,904	105,704
2023	47,800	57,843	105,643
2024-2028	273,700	254,903	528,603
2029-2033	341,000	187,538	528,538
2034-2038	424,900	103,590	528,490
2039-2040	198,000	13,460	211,460
	<u>\$1,457,100</u>	<u>\$868,448</u>	<u>\$2,325,548</u>

On March 14, 2013, the Board of County Commissioners approved a resolution authorizing the issuance of \$1,862,000 Sanitary Sewer Revenue Bonds. Proceeds were used to retire \$1,862,000 of the interim OWDA loan financing on March 25, 2013. The remaining amount of the interim financing outstanding was paid by the County on March 28, 2013. The Sanitary Sewer Revenue Bonds have an interest rate of 3.125% and are to be paid over forty years with the first payment representing interest being due March 1, 2014, with final payment being March 1, 2053. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2018, are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year Ended December 31,	Principal	Interest	Total
2019	\$28,800	\$55,653	\$84,453
2020	29,600	54,753	84,353
2021	30,600	53,828	84,428
2022	31,500	52,872	84,372
2023	32,500	51,888	84,388
2024-2028	178,500	243,544	422,044
2029-2033	208,100	213,863	421,963
2034-2038	242,800	179,244	422,044
2039-2043	283,100	138,866	421,966
2044-2048	330,200	91,775	421,975
2049-2053	385,200	36,850	422,050
	<u>\$1,780,900</u>	<u>\$1,173,136</u>	<u>\$2,954,036</u>

On May 30, 2015, the Board of County Commissioners accepted a loan/grant offer from USDA relating to Green Sewer with a grant amount of \$3,335,000 and loan portion of \$3,089,000 with terms of 2.00% interest for 40 years with the first payment representing interest being due December 1, 2016, with final payment being December 1, 2055. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$56,200	\$60,680	\$116,880
2020	57,300	59,556	116,856
2021	58,400	58,410	116,810
2022	59,600	57,242	116,842
2023	60,700	56,050	116,750
2024-2028	322,700	261,526	584,226
2029-2033	356,200	227,948	584,148
2034-2038	393,200	190,876	584,076
2039-2043	434,200	149,946	584,146
2044-2048	479,400	104,754	584,154
2049-2053	529,300	54,858	584,158
2054-2055	226,800	6,826	233,626
	<u>\$3,034,000</u>	<u>\$1,288,672</u>	<u>\$4,322,672</u>

In August 2002, the County obtained the Bidwell Porter Sewer System OPWC Loan in the amount of \$230,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2022. This loan was entered into for the purpose of constructing the Bidwell Porter Sewer System. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Bidwell Porter Sewer OPWC Loan outstanding at December 31, 2018, are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year Ended December 31,	Principal
2019	\$5,750
2020	11,500
2021	11,500
2022	11,500
	<u>11,500</u>
	<u>\$40,250</u>

In July 2008, the County obtained the Kanauga/Addison Sewer OPWC Loan in the amount of \$325,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2044 in amounts of \$5,417. This loan was entered into for the purpose to expand the Kanauga/Addison sewer system. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Kanauga/Addison Sewer OPWC Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$5,417
2020	10,833
2021	10,833
2022	10,833
2023	10,833
2024-2028	54,167
2029-2033	54,167
2034-2038	54,167
2039-2043	54,167
2044	5,416
	<u>5,416</u>
	<u>\$270,833</u>

In July 2014, the County entered into an agreement with Ohio Public Works Commission for a Grant and Loan for the purpose of the Green Sewer Sanitary Improvements project. The loan was in the amount of \$600,000 at an interest rate of zero percent. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the Green Sewer Sanitary Improvements OPWC Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$10,000
2020	20,000
2021	20,000
2022	20,000
2023	20,000
2024-2028	100,000
2029-2033	100,000
2034-2038	100,000
2039-2043	100,000
2044-2048	90,000
	<u>90,000</u>
	<u>\$580,000</u>

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The County has pledged future customer revenues, net of specified operating expenses, to repay \$2,656,341 in OWDA loans issued from 2008 to 2015. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2043. Annual principal and interest payments on the loans should require less than 100 percent of net revenues in future years. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest outstanding to be paid on the loans are \$2,710,827. Annual principal and interest payments on the loans are expected to require more than 100 percent of net revenues in future years. Principal and interest payments for the current year were \$152,697, net revenues were \$447,290 and total revenues were \$1,058,596.

C. Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$16,641,525 and the unvoted debt margin was \$5,866,302 at December 31, 2018.

D. Conduit Debt

Pursuant to State statute, various industrial revenue bonds have been issued for private industry within the County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent obligations of the County. As of December 31, 2018, \$158,155,000 of industrial revenue bonds had been issued, and \$147,900,000 of those remained outstanding.

NOTE 25 - GALLIA COUNTY LANDFILL

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

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

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

County Roads

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

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

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

Bridges and Large Culverts

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

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

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

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

The following summarizes the road and bridge conditions as of December 31, 2018, 2017, 2016, 2015, 2014, and 2013.

ROAD CONDITION 2018

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	256.14	23,704,750.08	57.54%	57.54%
GOOD	2	187.29	16,425,948.00	39.86%	97.40%
FAIR	3	11.50	1,063,201.92	2.58%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		455.02	41,200,552.80	100.00%	

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

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

ROAD CONDITION 2017

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	247.70	22,982,636.16	55.80%	55.80%
GOOD	2	195.56	17,133,763.68	41.60%	97.40%
FAIR	3	11.50	1,063,201.92	2.58%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,186,254.56	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 – Fair' or better in 2017.

ROAD CONDITION 2016

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

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

ROAD CONDITION 2015

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

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

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

ROAD CONDITION 2014

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

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

ROAD CONDITION 2013

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

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

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

Percentage of Miles in Fair or Better Condition					
2018	2017	2016	2015	2014	2013
99.98%	99.98%	99.98%	99.98%	99.98%	99.98%

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

BRIDGE CONDITION 2018

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	3	1.09%	1.09%
VERY GOOD	8	19	6.88%	7.97%
GOOD	7	48	17.39%	25.36%
SATISFACTORY	6	92	33.33%	58.70%
FAIR	5	97	35.14%	93.84%
POOR	4	15	5.43%	99.28%
SERIOUS	3	1	0.36%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		276	100.00%	100.00%

93.84% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better.

BRIDGE CONDITION 2017

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

93.14% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2017.

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

BRIDGE CONDITION 2016

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

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

BRIDGE CONDITION 2015

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

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

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

BRIDGE CONDITION 2014

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

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

BRIDGE CONDITION 2013

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

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

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2018

A comparison of total bridge conditions for 2018, 2017, 2016, 2015, 2014, and 2013, in terms of percentage of bridge structures is presented below.

Percentage of Bridge Structures in Fair or Better Condition					
2018	2017	2016	2015	2014	2013
93.14%	93.14%	93.14%	91.34%	90.25%	89.17%

Budgeted versus actual expenditures for combined road and bridge maintenance in 2018, 2017, 2016, 2015, 2014, 2013, and 2012 were:

	2018	2017	2016	2015	2014	2013	2012
Budgeted	\$4,288,603	\$4,463,074	\$4,361,344	\$4,429,444	\$4,581,744	\$4,220,114	\$3,551,390
Actual	4,857,726	4,558,820	4,508,154	4,152,520	4,773,651	5,874,749	4,161,650
Difference	(569,123)	(95,746)	(146,810)	276,924	(191,907)	(1,654,635)	(610,260)

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

	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability	0.07427973%	0.07229004%	0.07510800%	0.07841440%	0.07841440%
County's Proportionate Share of the Net Pension Liability	\$11,653,050	\$16,415,839	\$13,009,651	\$9,457,652	\$9,244,037
County's Covered Payroll	\$9,495,447	\$9,547,765	\$9,115,196	\$9,328,120	\$9,102,506
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.72%	171.93%	142.72%	101.39%	101.55%
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. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Gallia County, Ohio
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	2018
County's Proportion of the Net Pension Asset	0.06250602%
County's Proportionate Share of the Net Pension Asset	\$85,091
County's Covered Payroll	\$255,992
County's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%

(1) Amounts for the combined plan are not presented prior to 2018 as the County's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information

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

	<u>2018</u>	<u>2017</u>
County's Proportion of the Net OPEB Liability	0.0720360%	0.0705831%
County's Proportionate Share of the Net OPEB Liability	\$7,822,579	\$7,129,133
County's Covered Payroll	\$9,892,239	\$9,985,448
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	79.08%	71.40%
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. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

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

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
County's Proportion of the Net Pension Liability	0.00378207%	0.00404990%	0.00451146%	0.00506864%	0.00475369%	0.00475369%
County's Proportionate Share of the Net Pension Liability	\$831,592	\$962,062	\$1,510,122	\$1,400,824	\$1,156,262	\$1,377,332
County's Covered Payroll	\$429,957	\$445,236	\$474,693	\$528,829	\$523,054	\$529,915
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.41%	216.08%	318.13%	264.89%	221.06%	259.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to the required supplementary information

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

	<u>2018</u>	<u>2017</u>
County's Proportion of the Net OPEB Liability	0.00378207%	0.00404990%
County's Proportionate Share of the Net OPEB Liability (Asset)	(\$60,774)	\$158,012
County's Covered Payroll	\$351,836	\$496,943
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-17.27%	31.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Gallia County, Ohio
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System
Last Six Years (1)(2)

	2018	2017	2016
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$1,386,207	\$1,282,704	\$1,189,572
Contributions in Relation to the Contractually Required Contribution	<u>(1,386,207)</u>	<u>(1,282,704)</u>	<u>(1,189,572)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$9,564,590	\$9,495,447	\$9,547,765
Contributions as a Percentage of Covered Payroll	<u>14.49%</u>	<u>13.51%</u>	<u>12.46%</u>
Net Pension Asset - Combined Plan			
Contractually Required Contribution	\$43,064	\$33,279	\$29,842
Contributions in Relation to the Contractually Required Contribution	<u>(43,064)</u>	<u>(33,279)</u>	<u>(29,842)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$307,600	\$255,992	\$248,683
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net OPEB Liability - OPEB Plan (3)			
Contractually Required Contribution	\$5,392	\$103,146	\$203,489
Contributions in Relation to the Contractually Required Contribution	<u>(5,392)</u>	<u>(103,146)</u>	<u>(203,489)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$10,006,990	\$9,892,239	\$9,985,448
Contributions as a Percentage of Covered Payroll	<u>0.05%</u>	<u>1.04%</u>	<u>2.04%</u>

(1) Information prior to 2013 is not available.

(2) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed plan is a defined contribution plan; therefore, the pension side is not included above.

(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$1,131,895	\$1,156,715	\$1,221,964
<u>(1,131,895)</u>	<u>(1,156,715)</u>	<u>(1,221,964)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,115,196	\$9,328,120	\$9,102,506
<u>12.42%</u>	<u>12.40%</u>	<u>13.42%</u>
\$28,716	\$30,345	\$37,313
<u>(28,716)</u>	<u>(30,345)</u>	<u>(37,313)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$239,300	\$252,875	\$287,023
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability				
Contractually Required Contribution	\$64,461	\$49,257	\$69,572	\$72,698
Contributions in Relation to the Contractually Required Contribution	<u>(64,461)</u>	<u>(49,257)</u>	<u>(69,572)</u>	<u>(72,698)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$460,436	\$351,836	\$496,943	\$519,271
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net Pension Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$69,885	\$68,889	\$74,562	\$71,705	\$81,253	\$86,365
<u>(69,885)</u>	<u>(68,889)</u>	<u>(74,562)</u>	<u>(71,705)</u>	<u>(81,253)</u>	<u>(86,365)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$514,815	\$529,915	\$573,554	\$551,577	\$625,023	\$664,346
13.57%	13.00%	13.00%	13.00%	13.00%	13.00%
\$2,189	\$5,299	\$5,736	\$5,516	\$6,250	\$6,643
<u>(2,189)</u>	<u>(5,299)</u>	<u>(5,736)</u>	<u>(5,516)</u>	<u>(6,250)</u>	<u>(6,643)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.43%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Gallia County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Gallia County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – STRS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

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

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

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

Gallia County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS OPEB

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

Changes in Assumptions – STRS OPEB

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.

Changes in Benefit Terms – STRS OPEB

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.

GALLIA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2018	\$0	\$5,508
		2019	0	3,443
Total School Breakfast Program			0	8,951
National School Lunch Program	10.555	2018	0	8,318
		2019	0	5,381
Total National School Lunch Program			0	13,699
Total Child Nutrition Cluster			0	22,650
<i>Passed through Ohio Department of Job and Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5740	23,733	140,864
<i>Passed through Ohio Department of Natural Resources</i>				
Schools and Roads - Grants to States	10.665	N/A	0	21,035
Total U.S. Department of Agriculture			23,733	184,549
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through Ohio Department of Development</i>				
Community Development Block Grant - State's Program				
Critical Infrastructure Program	14.228	B-X-17-1AY-1	0	4,181
Community Housing Improvement Program		B-C-18-1AY-1	0	12,300
		B-F-17-1AY-1	0	65,882
Total Community Development Block Grant - State's Program			0	82,363
Total U.S. Department of Housing and Urban Development			0	82,363
U.S. DEPARTMENT OF THE INTERIOR				
<i>Direct from Federal Government</i>				
Payments in Lieu of Taxes	15.226	N/A	0	15,523
<i>Passed through Ohio Department of Natural Resources</i>				
National Forest Acquired Lands	15.438	N/A	0	134,363
Total U.S. Department of the Interior			0	149,886
U.S. DEPARTMENT OF JUSTICE				
<i>Passed through the Ohio Attorney Generals Office</i>				
Crime Victim Assistance	16.575	2018-VOCA-109854494	0	33,579
		2018-VOCA-131924674	0	21,185
		2019-VOCA-132135011	0	15,732
		2019-VOCA-132132326	0	6,851
Total Crim Victim Assistance			0	77,347
<i>Direct from Federal Government</i>				
Bulletproof Vest Partnership Program	16.607	N/A	0	1,820
<i>Passed through the Ohio Department of Public Safety - Office of Criminal Justice Services</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JG-LLE-5214	0	7,774
Total U.S. Department of Justice			0	86,941
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Workforce Investment Act Area 7</i>				
Employment Service/Wagner-Peyser Funded Activities				
	17.207	N/A	0	2,040
Trade Adjustment Assistance	17.245	N/A	0	379
Workforce Investment Act (WIA) National Emergency Grants	17.277	N/A	0	107,418
Workforce Investment Opportunity Act (WIOA) Cluster:				
WIA Adult Program	17.258	N/A	0	109,133
WIA Youth Activities	17.259	N/A	17,620	148,978
WIA Dislocated Worker Formula Grants	17.278	N/A	0	80,476
Total Workforce Investment Opportunity Act (WIOA) Cluster			17,620	338,587
Total U.S. Department of Labor			17,620	448,424
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	PID104202	0	49,512
		PID106255	0	83,948
Total Highway Planning and Construction			0	133,460
<i>Passed Through Ohio Department of Public Safety</i>				
State and Community Highway Safety	20.600	N/A	0	1,567
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A	0	1,453
Total U.S. Department of Transportation			0	136,480

GALLIA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through Ohio Department of Education</i>				
Special Education Cluster (IDEA):				
Special Education-Grants to States (IDEA, Part B)	84.027	2018	0	20,118
		2019	0	12,132
Total Special Education-Grants to States (IDEA, Part B)			0	32,250
Special Education-Preschool Grants (IDEA Preschool)	84.173	2018	0	7,177
		2019	0	3,900
Total Special Education-Preschool Grants (IDEA Preschool)			0	11,077
Total Special Education Cluster (IDEA)			0	43,327
Total U.S. Department of Education			0	43,327
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1819-11-5741	0	18,629
Temporary Assistance for Needy Families	93.558	G-1617-11-5513	583,558	903,485
		G-1819-11-5740	1,989,077	2,343,535
Total Temporary Assistance for Needy Families			2,572,635	3,247,020
Child Support Enforcement	93.563	G-1819-11-5740	0	421,629
Child Care and Development Block Grant	93.575	G-1819-11-5740	0	48,712
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5741	0	16,633
Foster Care Title IV-E	93.658	G-1819-11-5741	0	120,302
Adoption Assistance	93.659	G-1819-11-5741	0	164,842
Children's Health Insurance Program	93.767	G-1819-11-5740	0	301,028
Medical Assistance Program	93.778	G-1819-11-5740	0	1,399,237
<i>Passed Through Ohio Department of Job and Family Services</i>				
Social Services Block Grant	93.667	G-1819-11-5740	123,730	123,730
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	N/A	0	25,199
Total Social Services Block Grant			123,730	148,929
Total U.S. Department of Health and Human Services			2,696,365	5,886,961
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Department of Public Safety - Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01	0	20,426
		EMC-2018-EP-00008-S01	0	20,476
Total Emergency Management Performance Grants			0	40,902
Total U.S. Department of Homeland Security			0	40,902
Total Expenditures of Federal Awards			\$2,737,718	\$7,059,833

The accompanying notes are an integral part of this Schedule.

GALLIA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 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 Gallia 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.

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 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 - CHILD NUTRITION CLUSTER

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

NOTE F - 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 \$57,098.

NOTE G - MATCHING REQUIREMENTS

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

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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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 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 19, 2019, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. In addition, we noted the County restated capital assets due to a prior year overstatement.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2018-001.

County's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2019

OHIO AUDITOR OF STATE KEITH FABER



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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Report on Compliance for the Major Federal Program

We have audited Gallia County's, Ohio (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the County's major federal program 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 program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Gallia County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 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's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2018-002.

The County's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance 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 19, 2019

GALLIA 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	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(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): CFDA # 93.558 – Temporary Assistance for Needy Families	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2018-001

Noncompliance/Finding for Recovery/Resolved Under Audit

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

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

GALLIA COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31 2018

(Continued)

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

FINDING NUMBER 2018-001 (Continued)

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

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

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

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

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

During testing of payroll for employees who terminated employment during calendar year 2018, we noted the following overpayment:

Job and Family Services employee, Mark Coleman was paid for the period December 6, 2014 to December 19, 2014 on the December 26, 2014 payroll. In addition, he received payment for the period December 13, 2014 to December 26, 2014 on the January 9, 2015 payroll. This resulted in an overpayment of 77 hours for the period December 13, 2014 to December 19, 2014. This resulted in an advance to the employee in the amount \$1,797 which was not repaid upon termination of employment.

It was noted that Mr. Coleman had signed a repayment agreement dated December 13, 2017, wherein he agreed to repay the advance via a \$100 biweekly payroll deduction. However, as of the employee's separation date of October 18, 2018, the agreement had not been implemented and no deductions had been made to repay the advance.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery is hereby issued for public monies illegally expended against Mark Coleman in the amount of \$1,797 and in favor of the Gallia County Job and Family Services Fund in the amount of \$1,797.

Also, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery is hereby issued for public monies illegally expended against County Auditor, Larry Betz, and his bonding company, Erie Insurance Company, jointly and severally, in the amount of \$1,797, and in favor of the Gallia County Job and Family Services Fund in the amount of \$1,797.

GALLIA COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31 2018
(Continued)

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

FINDING NUMBER 2018-001 (Continued)

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

Mr. Mark Coleman repaid \$797 of the \$1,797 finding referenced above on March 22, 2019 on pay-in number 99015. The amount was repaid back into the Gallia County Job and Family Services Fund. In addition, Mr. Mark Coleman resolved the repayment of the additional unpaid balance of \$1,000 of the finding referenced above on March 22, 2019 by signing a repayment agreement requiring monthly payments of \$50. Through September 5, 2019, Mr. Coleman has repaid an additional \$300 through monthly payments according to the agreement.

Officials' Response:

Payment agreement of March 22, 2019 is being followed. \$700.00 is the current balance as of September 5, 2019 remaining to be paid. Mark Coleman is making his payments on time each month as he agreed to. As long as he continues to make his payments no further action needs to be taken.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2018-002		
CFDA Title and Number	Temporary Assistance for Needy Families – CFDA # 93.558 Foster Care Title IV-E - CFDA # 93.658 Adoption Assistance - CFDA # 93.659 Medical Assistance Program - CFDA # 93.778		
Federal Award Identification Number / Year	G-1819-11-5740 G-1819-11-5741		
Federal Agency	U.S. Department of Health and Human Services		
Compliance Requirement	L. Reporting		
Pass-Through Entity	Ohio Department of Job and Family Services		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Material Weakness - Reporting

Management acknowledged its responsibility to establish and maintain effective internal controls to reasonably assure compliance with federal statutes, regulations and terms and conditions of federal awards and controls relating to preparing the Schedule of Expenditures of Federal Awards (the Schedule), as required by Uniform Guidance (2 CFR § 200.303(a)), in the audit engagement letter.

GALLIA COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31 2018
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2018-002 (Continued)

Material Weakness – Reporting (Continued)

Furthermore, Uniform Guidance (2 CFR Subpart F § 200.510(b)) requires the auditee prepare the Schedule for the period covered by the County's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

The County Job and Family Services (JFS) used templates to determine the correct amount of federal disbursements to report on the federal schedule for each program. The amounts were reported on the templates based on the quarterly Federal CFDA Reports. These templates were not reviewed to verify the accuracy.

Additionally, due to the deficiency in the internal controls noted above, the Schedule prepared the by County included the following errors from the JFS templates:

- A typo was made in the Temporary Assistance for Needy Families (TANF) grant when reporting the quarterly expenditure resulting in a \$1,000,000 overstatement of TANF Expenditures.
- The quarterly amounts reported for the Foster Care Title IV-E grant in the template did not agree to the year end Federal CFDA Report resulting in an understatement of \$38,207.
- The quarterly amounts reported for the Adoption Assistance grant in the template did not agree to the year end Federal CFDA Report resulting in an understatement of \$102,856.
- Payments made to providers determined to be vendors for the Medical Assistance Program were mistakenly reported on the schedule as amounts passed through to subrecipients in the amount of \$1,765,215.

There were various other small errors noted in the Schedule of Federal Assistance (SEFA) that were not considered material but have been corrected in the audited SEFA. The total of all small errors resulted in a net understatement of \$51,436 in federal expenditures and a net overstatement of \$81,576 in amounts passed through to subrecipients. These small errors, along with the errors reported above resulted in a total overstatement in federal expenditures of \$807,501 or 10.3% and an overstatement of amounts passed through to subrecipients of \$1,846,791 or 40.3%.

GALLIA COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31 2018
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING NUMBER 2018-002 (Continued)

Material Weakness – Reporting (Continued)

The above adjustments, to which management has agreed, are reflected in the accompanying Schedule.

Ineffective internal controls related to federal grants could lead to noncompliance with program requirements. Errors and omissions on the Schedule of Expenditures of Federal Awards (the Schedule) could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit.

County management should implement a system to review the Schedule for errors and omissions as well as a method to monitor the related internal controls over compliance with federal grant requirements. This will help ensure the Schedule is complete and accurate, major federal programs are accurately identified for audit, and internal controls over compliance requirements are implemented and operating effectively.

Officials' Response:

The items noted were clearly a result of human error and was easily identified by a second set of eyes which happened to be the AOS Audit Division. GCDJFS will implement procedures to have one person compile the GCDJFS's portion of the Federal Schedule and another person to review that information for human errors, such as typo's, duplicate numbers, etc.. After said review, GCDJFS will submit their portion of the Federal Schedule along with all supporting documentation to the County Auditor for review and subsequent submission to Local Government Services for compilation of the County's Federal Schedule.

Gallia County Commissioners

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Brent Saunders, President
Harold G. Montgomery, Vice-President
David K. Smith, Commissioner

Office Staff:
 Karen Sprague, County Administrator
 Anette L. Brown, Clerk to the Board
 Kim Elliott, Assistant Clerk to the Board

This institution is an equal opportunity provider and employer.

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Mr. Coleman entered into his latest repayment agreement as of March 22, 2019. He has agreed to make monthly payments of \$50 until the repayment is satisfied. Total paid to date (9/5/19) is \$1,097.18. Monthly payments due October 2019 – November 2020 \$700.00.	November, 2020	Susan Hill, Payroll Clerk
2018-002	The items noted were clearly a result of human error and was easily identified by a second set of eyes which happened to be the AOS Audit Division. GCDJFS will implement procedures to have one person compile the GCDJFS's portion of the Federal Schedule and another person to review that information for human errors, such as typo's, duplicate numbers, etc.. After said review, GCDJFS will submit their portion of the Federal Schedule along with all supporting documentation to the County Auditor for review and subsequent submission to Local Government Services for compilation of the County's Federal Schedule.	When creating 12/31/19 schedule	Dana Glassburn, JFS Director

OHIO AUDITOR OF STATE
KEITH FABER



GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2019**