Highland County Single Audit For the Year Ended December 31, 2018

Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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Board of Commissioners Highland County PO Box 822 119 Governor Foraker Place Hillsboro, OH 45133

We have reviewed the *Independent Auditor's Report* of Highland County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Highland County is responsible for compliance with these laws and regulations.

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Keith Faber Auditor of State Columbus, Ohio

August 6, 2019

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Independent Auditor's Report

Board of Commissioners Highland County 119 Governor Foraker Place Hillsboro, Ohio 45133

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Highland 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Highland County Independent Auditor's Report Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Highland County, Ohio, as of December 31, 2018, and the respective changes in cash financial position and the respective budgetary comparison for the General, Public Assistance, Repair MVL, Board of Developmental Disabilities, and Children Services Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in note 19 to the financial statements, during fiscal year 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole

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

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

Highland County Independent Auditor's Report Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 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 the effectiveness of the County's 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.

Miller - Stay CPA/me.

Millhuff-Stang, CPA, Inc. Portsmouth, Ohio

June 7, 2019

Highland County, Ohio Statement of Net Position - Cash Basis December 31, 2018

	P	Primary Government			
	Governmental	Business-Type		Highland County	
	Activities	Activity	Total	Airport Authority	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$19,345,913	\$403,038	\$19,748,951	\$68,802	
Cash and Cash Equivalents in Segregated Accounts	82,486	0	82,486	0	
Cash and Cash Equivalents with Fiscal Agents	32,286	0	32,286	0	
Total Assets	\$19,460,685	\$403,038	\$19,863,723	\$68,802	
Net Position					
Restricted for:					
Capital Projects	\$269,921	\$0	\$269,921	\$0	
Debt Service	368,668	0	368,668	0	
Other Purposes	10,136,683	0	10,136,683	0	
Unrestricted	8,685,413	403,038	9,088,451	68,802	
Total Net Position	\$19,460,685	\$403,038	\$19,863,723	\$68,802	

Highland County, Ohio Statement of Activities - Cash Basis For the Year Ended December 31, 2018

	_	Program Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government:					
Legislative and Executive	\$3,178,795	\$1,841,813	\$0	\$0	
Judicial	1,475,336	377,615	40,086	0	
Public Safety	5,613,057	601,645	990,029	0	
Public Works	5,796,974	54,922	4,870,226	0	
Health	6,035,135	572,653	1,204,124	0	
Human Services	8,999,335	190,852	6,527,654	0	
Capital Outlay	1,180,721	0	0	929,487	
Debt Service:					
Principal Retirement	1,524,556	0	0	0	
Interest and Fiscal Charges	307,539	0	0	0	
Total Governmental Activities	34,111,448	3,639,500	13,632,119	929,487	
Business-Type Activity					
Sewer	702,522	789,057	0	0	
Total Primary Government	\$34,813,970	\$4,428,557	\$13,632,119	\$929,487	
Component Unit	ф 47.0 00	\$70.551	ф л. 2. (0	* •	
Highland County Airport Authority	\$47,283	\$72,551	\$7,349	\$0	

General Receipts

Property Taxes Levied for: General Purposes Board of Developmental Disabilities Human Services Sales Taxes Levied for General Purposes Payments in Lieu of Taxes Grants and Entitlements not Restricted to Specific Programs Gifts and Donations Interest Miscellaneous

Total General Receipts

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

an	d Changes in Net Positi	on	
	Primary Government		Component Unit
Governmental	Business-Type		Highland County
Activities	Activity	Total	Airport Authority
	<u>,</u>		
(\$1,336,982)	\$0	(\$1,336,982)	\$0
(1,057,635)	0	(1,057,635)	0
(4,021,383)	0	(4,021,383)	0
(871,826)	0	(871,826)	0
(4,258,358)	0	(4,258,358)	0
(2,280,829)	0	(2,280,829)	0
(251,234)	0	(251,234)	0
(1,524,556)	0	(1,524,556)	0
(307,539)	ů	(307,539)	ů 0
		<u>.</u>	
(15,910,342)	0	(15,910,342)	0
0	86,535	86,535	0
(15,910,342)	86,535	(15,823,807)	0
(10,910,912)		(15,625,667)	0
0	0	0	32,617
2,094,512	0	2,094,512	0
2,476,523	0	2,476,523	0
565,021	0	565,021	0
6,366,391	0	6,366,391	0
19,312	0	19,312	0
1,419,947	0	1,419,947	0
100	0	100	
251,810	0	251,810	0
1,584,472	0	1,584,472	579
14,778,088	0	14,778,088	579
(1,132,254)	86,535	(1,045,719)	33,196
20,592,939	316,503	20,909,442	35,606
\$19,460,685	\$403,038	\$19,863,723	\$68,802

Net (Disbursements) Receipts and Changes in Net Position

Highland County, Ohio Statement of Cash Basis Assets and Fund Balances Governmental Funds December 31, 2018

	General Fund	Public Assistance Fund	Repair MVL Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,675,233	\$227,301	\$248,528
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	259,246	0	0
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Total Assets	\$2,934,479	\$227,301	\$248,528
Fund Balances			
Nonspendable	\$259,246	\$0	\$0
Restricted	0	227,301	248,528
Committed	800,000	0	0
Assigned	231,500	0	0
Unassigned (Deficit)	1,643,733	0	0
Total Fund Balances	\$2,934,479	\$227,301	\$248,528

Board of Developmental Disabilities Fund	Children Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$4,307,152	\$906,814	\$10,721,639	\$19,086,667
0	0	0	259,246
0	0	82,486	82,486
32,286	0	0	32,286
\$4,339,438	\$906,814	\$10,804,125	\$19,460,685
\$0	\$0	\$0	\$259,246
4,339,438	906,814	4,793,945	10,516,026
0	0	5,447	805,447
0	0	6,004,868	6,236,368
0	0	(135)	1,643,598
\$4,339,438	\$906,814	\$10,804,125	\$19,460,685

Highland County, Ohio Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2018

	General Fund	Public Assistance Fund	Repair MVL Fund
Receipts	¢2.004.512	¢o	¢o
Property Taxes	\$2,094,512	\$0 0	\$0
Sales Taxes	6,366,391		0
Charges for Services	1,389,449 2,695	11,258 0	0
Licenses and Permits Fines and Forfeitures	100.421	0	1,561
	1,236,219	3,962,601	4,364,921
Intergovernmental	19,312	3,902,001	4,304,921
Payments in Lieu of Taxes Special Assessments	19,512	0	939
Interest	249,281	0	118,197
Rentals	7,522	0	0
	1,322	0	0
Contributions and Donations			
Miscellaneous	185,117	736,974	101,227
Total Receipts	11,650,919	4,710,833	4,586,845
Disbursements			
Current:			
General Government:			
Legislative and Executive	2,218,510	0	0
Judicial	1,384,950	0	0
Public Safety	4,201,620	0	0
Public Works	674,304	0	4,819,593
Health	163,661	Ő	0
Human Services	796,140	4,755,665	ů
Capital Outlay	0	0	Ő
Debt Service:	0	0	0
Principal Retirement	16,579	0	0
Interest and Fiscal Charges	360	0	0
Interest and Fiscal Charges		0	0
Total Disbursements	9,456,124	4,755,665	4,819,593
Excess of Receipts Over (Under) Disbursements	2,194,795	(44,832)	(232,748)
Other Financing Sources (Uses)			
Transfers In	34,612	0	0
Transfers Out	(1,803,040)	0	0
Advances In	30,599	0	0
Advances Out	(30,599)	0	0
Total Other Financing Sources (Uses)	(1,768,428)	0	0
Net Change in Fund Balances	426,367	(44,832)	(232,748)
Fund Balances at Beginning of Year, Restated	2,508,112	272,133	481,276
i una batances at beginning of tear, Restated	2,300,112	212,133	701,270
Fund Balances at End of Year	\$2,934,479	\$227,301	\$248,528

$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Board of Developmental Disabilities Fund	Children Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	\$2 476 523	\$565.021	\$0	\$5,136,056
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$,		
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$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	0	0	,	,
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	0	54,855	17,154	,
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	100,644	0	460,510	1,584,472
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	4,415,663	2,623,694	4,991,240	32,979,194
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$				
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	0	0	060 295	2 179 705
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$\begin{array}{c c c c c c c c c c c c c c c c c c c $	U	0	1,100,721	1,100,721
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	0	0	1.507.977	1.524.556
$\begin{array}{c c c c c c c c c c c c c c c c c c c $, ,
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	<u>`</u>			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	5,749,968	2,801,476	6,528,622	34,111,448
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	(1,334,305)	(177,782)	(1,537,382)	(1,132,254)
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$				
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	0	0	2 152 040	2 187 652
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$				
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$				
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			· · · · ·	,
(1,684,305) (177,782) 581,046 (1,132,254) 6,023,743 1,084,596 10,223,079 20,592,939	0	0	(111,099)	(141,098)
6,023,743 1,084,596 10,223,079 20,592,939	(350,000)	0	2,118,428	0
	(1,684,305)	(177,782)	581,046	(1,132,254)
\$4,339,438 \$906,814 \$10,804,125 \$19,460,685	6,023,743	1,084,596	10,223,079	20,592,939
	\$4,339,438	\$906,814	\$10,804,125	\$19,460,685

Highland County, Ohio Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis General Fund For the Year Ended December 31, 2018

Property TaxesProperty TaxesS2,383,928S2,131,604(Negative)Sales Taxes $5,634,370$ $5,634,370$ $6,366,391$ $668,671$ Charges for Services $986,443$ $997,534$ $1,114,602$ $117,068$ Licenses and Permits $2,385$ $2,412$ $2,695$ 228 Flies and Forfeitures $88,874$ $89,874$ $100,421$ $10,547$ Intergovernmental $1,094,076$ $1,106,377$ $1,236,219$ $129,842$ Payments in Lieu of Taxes $17,084$ $19,312$ 2.028 Intergovernmental $1,094,076$ $1,106,377$ $1,236,219$ $129,842$ Rentals $6,657$ $6,732$ $7,522$ 790 Miscellaneous $105,98,274$ $10,690,634$ $11,413,164$ $722,530$ Disbursements $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ Current: $General Government$ $1.2875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $12,344,950$ Public Safety $3,975,774$ $4,260,494$ $45,201,620$ $95,321$ Public Works $638,059$ $638,824$ $66,733$ $76,304$ $9,520$ Public Safety $3,975,774$ $4,260,494$ $45,21,620$ $27,990$ Judicial $1,310,506$ $1,348,950$ $12,420$ $95,251$ Public Works $638,059$ $638,824$ $16,7330$ $796,140$ $11,240$ Det Safe		Budgeted Amounts			Variance with Final Budget
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		Original	Final	Actual	Positive (Negative)
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Receints				
	1	\$2 282 028	\$2 282 028	\$2 121 604	(\$252 224)
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Licenses and Permits2.3852.4122.6952.83Fines and Forfeitures $88,874$ $89,874$ $100,421$ $10,547$ Intergovernmental $1.094,076$ $1.106,377$ $1.236,219$ $129,842$ Payments in Lieu of Taxes $17,091$ $17,284$ $19,312$ 2.028 Interest $220,618$ $223,099$ $249,281$ $26,182$ Rentals $6,657$ $6,732$ $7,522$ 790 Miscellaneous $105,98,274$ $10,690,634$ $11,413,164$ $722,530$ DisbursementsCurrent:General GovernmentLegislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $13,84,950$ $19,553$ Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $30,632$ $30,977$ $34,612$ $3,635$ Total Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses)Transfers In $30,632$ $30,977$ $34,612$ $3,635$ Transfers Out $(1,706,123)$ $(1,801,465)$ $(1,803,040)$ $25,456$		· · ·	· · ·		,
Fines and Forfeitures $88,874$ $89,874$ $100,421$ $10,547$ Intergovernmental $1,094,076$ $1,106,377$ $1,236,219$ $129,842$ Interest $12,094,076$ $1,106,377$ $1,236,219$ $129,842$ Interest $220,618$ $223,099$ $249,281$ $26,182$ Rentals $6,657$ $6,732$ $7,522$ 790 Miscellancous $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ DisbursementsCurrent:General GovernmentLegislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Works $633,8059$ $633,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $9,350$ 360 5 Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses)Transfers In $30,632$ $30,977$ $34,612$ $3,635$ Transfers In $27,081$ $27,385$ $30,599$ $32,214$ Advances In $27,081$ $(27,081)$ $(27,385)$ $30,599$ $32,14$ Advances In <td< td=""><td>6</td><td></td><td></td><td>, ,</td><td>,</td></td<>	6			, ,	,
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Payments in Lieu of Taxes $17,091$ $17,284$ $19,312$ $2,028$ Interest $220,618$ $223,099$ $249,281$ $26,182$ Rentals $6,657$ $6,732$ $7,522$ 790 Miscellaneous $163,832$ $165,674$ $185,117$ $19,443$ Total Receipts $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ DisbursementsCurrent:General GovernmentLegislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Safety 520 5772 $153,646$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $18,73,739$ $1,340,326$ $2,193,030$ $852,704$ <td></td> <td>,</td> <td></td> <td></td> <td>,</td>		,			,
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Rentals $6,657$ $6,732$ $7,522$ 790 Miscellaneous $163,832$ $165,674$ $185,117$ $19,443$ Total Receipts $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ DisbursementsCurrent: $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ Legislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Transfers In $27,084$ $27,385$ $30,599$ $3,214$ Advances Out $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ <	2	,	,	· · ·	,
Miscellaneous $163,832$ $165,674$ $185,117$ $19,443$ Total Receipts $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ DisbursementsCurrent:General GovernmentLegislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ 42		· · · · ·	,	· · ·	,
Total Receipts $10,598,274$ $10,690,634$ $11,413,164$ $722,530$ DisbursementsCurrent: General Government Legislative and Executive1,310,5061,404,5031,384,95019,553Public Safety3,975,7754,600,9414,201,62059,321Public Works638,059683,824674,3049,520Health154,864165,972163,6612,311Human Services753,346807,380796,14011,240Debt Service:Principal Retirement15,68816,81316,579234Interest and Fiscal Charges3413653605Total Disbursements8,724,5359,350,3089,220,134130,174Excess of Receipts Over Disbursements1,873,7391,340,3262,193,030852,704Other Financing Sources (Uses)(1,706,123)(1,828,496)(1,803,040)25,456Advances In27,08127,38530,5993,214Advances Out(2,8,954)(31,031)(30,599)432Total Other Financing Sources (Uses)(1,677,364)(1,801,165)(1,768,428)32,737Net Change in Fund Balance196,375(460,839)424,602885,441Fund Balance at Beginning of Year1,031,4821,031,4821,031,4820		· · · ·		,	
DisbursementsCurrent: General Government Legislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial Public Safety $1,310,595$ $2,010,510$ $1,982,520$ $27,990$ Judicial Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) Transfers In Transfers In Advances In $27,081$ $27,385$ $30,699$ $30,599$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Miscenarieous	103,832	105,074	163,117	17,445
Current: General Government Legislative and Executive1,875,956 1,310,5062,010,510 1,982,520 1,384,9501,982,520 27,990 1,310,5062,7990 1,404,503Public Safety3,975,775 3,975,7754,260,941 4,201,62059,321Public Works638,059683,824 674,304674,304 9,520Health154,864165,972 163,66111,240Debt Services753,346 346807,380 365796,140 36011,240Debt Service:753,346 341365 360360 5Principal Retirement15,688 16,81316,579 365234 365Interest and Fiscal Charges8,724,535 3,0509,350,308 3,220,1349,220,134 130,174Excess of Receipts Over Disbursements1,873,739 2,0421,340,326 2,193,0302,193,030 852,704Other Financing Sources (Uses) Transfers In Transfers In Chavances In 2,7081 2,7081 2,7081 2,738530,599 3,214 3,2143,635 3,0599Total Other Financing Sources (Uses)(1,677,364) (1,801,165)(1,768,428) (1,768,428)32,737 3,737Net Charge in Fund Balance196,375 (460,839)424,602 424,602 885,441885,441 41,031,4820	Total Receipts	10,598,274	10,690,634	11,413,164	722,530
General Government Legislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 3600 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Disbursements				
Legislative and Executive $1,875,956$ $2,010,510$ $1,982,520$ $27,990$ Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Current:				
Judicial $1,310,506$ $1,404,503$ $1,384,950$ $19,553$ Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	General Government				
Public Safety $3,975,775$ $4,260,941$ $4,201,620$ $59,321$ Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Principal Retirement $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Legislative and Executive	1,875,956	2,010,510	1,982,520	27,990
Public Works $638,059$ $683,824$ $674,304$ $9,520$ Health154,864165,972163,6612,311Human Services753,346807,380796,14011,240Debt Service:753,346807,380796,14011,240Principal Retirement15,68816,81316,579234Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $1,706,123$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance196,375 $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Judicial	1,310,506	1,404,503	1,384,950	19,553
Health154,864165,972163,6612,311Human Services753,346 $807,380$ $796,140$ $11,240$ Debt Service:753,346 $807,380$ $796,140$ $11,240$ Debt Service:11,688 $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $11,706,123$ $(1,828,496)$ $(1,803,040)$ $25,456$ Transfers In $30,632$ $30,977$ $34,612$ $3,635$ Transfers Out $27,081$ $27,385$ $30,599$ $3,214$ Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Public Safety	3,975,775	4,260,941	4,201,620	59,321
Health $154,864$ $165,972$ $163,661$ $2,311$ Human Services $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $753,346$ $807,380$ $796,140$ $11,240$ Debt Service: $15,688$ $16,813$ $16,579$ 234 Interest and Fiscal Charges 341 365 360 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $1,706,123$ $(1,828,496)$ $(1,803,040)$ $25,456$ Transfers In $30,632$ $30,977$ $34,612$ $3,635$ Transfers Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Advances In $27,081$ $27,385$ $30,599$ $3,214$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $196,375$ $(460,839)$ $424,602$ $885,441$ Fund Balance at Beginning of Year $1,031,482$ $1,031,482$ $1,031,482$ 0	Public Works	638,059	683,824	674,304	9,520
Human Services753,346807,380796,14011,240Debt Service:Principal Retirement15,68816,81316,579234Interest and Fiscal Charges3413653605Total Disbursements8,724,5359,350,3089,220,134130,174Excess of Receipts Over Disbursements1,873,7391,340,3262,193,030852,704Other Financing Sources (Uses)130,63230,97734,6123,635Transfers In30,63230,97734,6123,635Transfers In27,08127,38530,5993,214Advances In27,08127,38530,5993,214Advances Out(1,677,364)(1,801,165)(1,768,428)32,737Net Change in Fund Balance196,375(460,839)424,602885,441Fund Balance at Beginning of Year1,031,4821,031,4821,031,4820	Health	154,864	165,972	163,661	
Principal Retirement Interest and Fiscal Charges $15,688$ 341 $16,813$ 365 $16,579$ 360 234 5 Total Disbursements $8,724,535$ $9,350,308$ $9,220,134$ $9,220,134$ $130,174$ $130,174$ Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $2,193,030$ $852,704$ Other Financing Sources (Uses) $30,632$ $17ansfers InTransfers OutAdvances InAdvances Out30,632(1,706,123)(1,828,496)(1,803,040)25,45630,5993,214Advances Out30,632(28,954)(31,031)(30,599)32,63532,737Total Other Financing Sources (Uses)(1,677,364)(1,677,364)(1,801,165)(1,768,428)32,73732,737424,602885,441Fund Balance at Beginning of Year1031,4821,031,4821,031,4821,031,4821,031,4820$	Human Services				
Interest and Fiscal Charges 341 365 360 5 Total Disbursements 8,724,535 9,350,308 9,220,134 130,174 Excess of Receipts Over Disbursements 1,873,739 1,340,326 2,193,030 852,704 Other Financing Sources (Uses) 30,632 30,977 34,612 3,635 Transfers In 30,632 30,977 34,612 3,635 Transfers Out (1,706,123) (1,828,496) (1,803,040) 25,456 Advances In 27,081 27,385 30,599 3,214 Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0	Debt Service:	·	*	,	,
Interest and Fiscal Charges 341 365 360 5 Total Disbursements 8,724,535 9,350,308 9,220,134 130,174 Excess of Receipts Over Disbursements 1,873,739 1,340,326 2,193,030 852,704 Other Financing Sources (Uses) 30,632 30,977 34,612 3,635 Transfers In 30,632 30,977 34,612 3,635 Transfers Out (1,706,123) (1,828,496) (1,803,040) 25,456 Advances In 27,081 27,385 30,599 3,214 Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0	Principal Retirement	15.688	16.813	16.579	234
Excess of Receipts Over Disbursements $1,873,739$ $1,340,326$ $2,193,030$ $852,704$ Other Financing Sources (Uses)Transfers InTransfers OutAdvances InAdvances Out $(1,706,123)$ $(1,828,496)$ $(1,803,040)$ $25,456$ Advances Out $(28,954)$ $(31,031)$ $(30,599)$ 432 Total Other Financing Sources (Uses) $(1,677,364)$ $(1,801,165)$ $(1,768,428)$ $32,737$ Net Change in Fund Balance $1,031,482$ $1,031,482$ $1,031,482$ 0	1		,	,	5
Other Financing Sources (Uses) Transfers In Transfers Out Advances In Advances Out (1,706,123) (1,828,496) (1,803,040) 25,456 Advances In Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year	Total Disbursements	8,724,535	9,350,308	9,220,134	130,174
Transfers In 30,632 30,977 34,612 3,635 Transfers Out (1,706,123) (1,828,496) (1,803,040) 25,456 Advances In 27,081 27,385 30,599 3,214 Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0	Excess of Receipts Over Disbursements	1,873,739	1,340,326	2,193,030	852,704
Transfers In 30,632 30,977 34,612 3,635 Transfers Out (1,706,123) (1,828,496) (1,803,040) 25,456 Advances In 27,081 27,385 30,599 3,214 Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0	Other Einsping Sources (Uses)				
Transfers Out (1,706,123) (1,828,496) (1,803,040) 25,456 Advances In 27,081 27,385 30,599 3,214 Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0		20 (22	20.077	24 612	2 625
Advances In 27,081 27,385 30,599 3,214 Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 0		· · · · ·	,	,	,
Advances Out (28,954) (31,031) (30,599) 432 Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0					,
Total Other Financing Sources (Uses) (1,677,364) (1,801,165) (1,768,428) 32,737 Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0					,
Net Change in Fund Balance 196,375 (460,839) 424,602 885,441 Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0	Advances Out	(28,954)	(31,031)	(30,599)	432
Fund Balance at Beginning of Year 1,031,482 1,031,482 1,031,482 0	Total Other Financing Sources (Uses)	(1,677,364)	(1,801,165)	(1,768,428)	32,737
	Net Change in Fund Balance	196,375	(460,839)	424,602	885,441
Fund Balance at End of Year \$1,227,857 \$570,643 \$1,456,084 \$885,441	Fund Balance at Beginning of Year	1,031,482	1,031,482	1,031,482	0
	Fund Balance at End of Year	\$1,227,857	\$570,643	\$1,456,084	\$885,441

Highland County, Ohio Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis Public Assistance Fund For the Year Ended December 31, 2018

	Budgeted	Amounts		Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts Charges for Services Intergovernmental Miscellaneous	\$15,963 5,618,511 1,044,944	\$11,258 3,962,601 736,974	\$11,258 3,962,601 736,974	\$0 0 0
Total Receipts	6,679,418	4,710,833	4,710,833	0
Disbursements Current: Human Services	6,782,000	4,967,966	4,755,665	212,301
Excess of Receipts Under Disbursements	(102,582)	(257,133)	(44,832)	212,301
Other Financing Uses Transfers Out	(100,000)	(15,000)	0	15,000
Net Change in Fund Balance	(202,582)	(272,133)	(44,832)	227,301
Fund Balance at Beginning of Year- Restated	272,133	272,133	272,133	0
Fund Balance at End of Year	\$69,551	\$0	\$227,301	\$227,301

Highland County, Ohio Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis Repair Motor Vehicle License Fund For the Year Ended December 31, 2018

	Budgeted	Amounts		Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Fines and Forfeitures	\$1,600	\$1,561	\$1,561	0
Intergovernmental	4,472,638	4,364,921	4,364,921	0
Special Assessments	923	901	901	0
Interest	121,114	118,197	118,197	0
Miscellaneous	103,725	101,227	101,227	0
Total Receipts	4,700,000	4,586,807	4,586,807	0
Disbursements				
Current:				
Public Works	5,134,942	5,066,433	5,055,295	11,138
Net Change in Fund Balance	(434,942)	(479,626)	(468,488)	11,138
Fund Balance at Beginning of Year	46,250	46,250	46,250	0
Prior Year Encumbrances Appropriated	434,942	434,942	434,942	0
Fund Balance at End of Year	\$46,250	\$1,566	\$12,704	\$11,138

Highland County, Ohio Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis Board of Developmental Disabilities Fund For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Receipts				
Property Taxes	\$2,513,314	\$2,513,314	\$2,520,583	\$7,269
Charges for Services	102,784	102,784	106,266	3,482
Intergovernmental	1,315,456	1,315,456	1,353,801	38,345
Other	95,261	95,261	98,489	3,228
Total Receipts	4,026,815	4,026,815	4,079,139	52,324
Disbursements Current:				
Health	4,526,816	4,567,816	3,882,237	685,579
Excess of Receipts Over (Under) Disbursements	(500,001)	(541,001)	196,902	737,903
Other Financing Uses				
Transfers Out	0	(1,141,910)	(1,141,910)	0
Net Change in Fund Balance	(500,001)	(1,682,911)	(945,008)	737,903
Fund Balance at Beginning of Year	4,490,492	4,490,492	4,490,492	0
Fund Balance at End of Year	\$3,990,491	\$2,807,581	\$3,545,484	\$737,903

Highland County, Ohio Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis Children Services Fund For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts Property Taxes Charges for Services Intergovernmental Contributions and Donations Other	\$573,394 2,013 2,466,052 68,504 34,337	\$573,394 1,612 2,002,892 54,875 51	\$574,151 1,612 2,002,206 54,855 0	\$757 0 (686) (20) (51)
Total Receipts	3,144,300	2,632,824	2,632,824	0
Disbursements Current: Human Services	3,304,500	3,404,500	2,801,476	603,024
Excess of Receipts Under Disbursements	(160,200)	(771,676)	(168,652)	603,024
Other Financing Uses Transfers Out	(100,000)	0	0	0_
Net Change in Fund Balance	(260,200)	(771,676)	(168,652)	603,024
Fund Balance at Beginning of Year	1,049,788	1,049,788	1,049,788	0
Fund Balance at End of Year	\$789,588	\$278,112	\$881,136	\$603,024

Highland County, Ohio Statement of Fund Net Position - Cash Basis Proprietary Fund December 31, 2018

	Sewer Fund	
Assets Equity in Pooled Cash and Cash Equivalents	\$403,038	
Net Position Unrestricted	\$403,038	

Highland County, Ohio Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Fund For the Year Ended December 31, 2018

	Sewer Fund	
Operating Receipts Charges for Services	\$789,057	
Operating Disbursements Contractual Services	702,522	
Change in Net Position	86,535	
Net Position at Beginning of Year	316,503	
Net Position at End of Year	\$403,038	

Highland County, Ohio Statement of Fiduciary Net Position - Cash Basis Fiduciary Funds December 31, 2018

	Private Purpose Trust Funds	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$67,404	\$4,127,444
Cash and Cash Equivalents		
In Segregated Accounts	0	362,427
Total Assets	\$67,404	\$4,489,871
Net Position		
Held in Trust for Private Purposes	\$67,404	\$0
Held on Behalf of Others	0	4,489,871
Total Net Position	\$67,404	\$4,489,871
Held on Behalf of Others	0	4,489,871

Highland County Statement of Changes in Fiduciary Net Position - Cash Basis Private Purpose Trust Funds For the Year Ended December 31, 2018

	Private Purpose Trust Funds	
Additions	\$0	
Deductions	0	
Change in Net Position	0	
Net Position at Beginning of Year	67,404	
Net Position at End of Year	\$67,404	

Note 1 - Reporting Entity

Highland County, Ohio (the County) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are nine other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

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

The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Highland County, this includes the Board of Developmental Disabilities 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 organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the 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. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

The Highland County Airport Authority (the Authority) is a legally separate body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a seven member Board, appointed by the Highland County Commissioners. The Authority is responsible for the safety and efficient operation and maintenance of the airport. The Highland County Commissioners administer and account for bond anticipation notes for airport improvements. The Authority is a component unit of the County, and it is discretely presented to emphasize that it is legally separate from the County.

The Highland County Land Reutilization Corporation (Land Bank) was formed on November 30, 2016 as a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724, to strengthen neighborhoods in the County by returning vacant and abandoned properties to productive use. The Land Bank has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property within the County. The Land Bank will assist and facilitate activities of governmental entities in assembling and clearing title to land for economic development purposes. The Land Bank is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Hillsboro), and one representative from a Highland County township (Paint Township). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, and the County is able to impose its will on the operation of the Lank Bank, the relationship between the County and the Land Bank is such that exclusion could cause the County's financial statements to be misleading. However, since no material financial activity as occurred, no financial information relating to the Land Bank is presented in the County's financial statements.

The information presented in Notes 2 through 19 relates to the primary government. Information related to the discretely presented component unit is presented in Note 20 through 21.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Highland County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

Highland County Soil and Water Conservation District Highland County District Board of Health Highland County Family and Children First Council

The County participates in four jointly governed organizations, a public entity risk pool and an insurance purchasing pool. These organizations are presented in Notes 14 and 15 to the basic financial statements. These organizations are:

Ross, Pickaway, Highland and Fayette Counties Joint Solid Waste District Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services South Central Regional Juvenile Detention Center Southern Ohio Council of Governments County Risk Sharing Authority, Inc. County Commissioners' Association of Ohio Service Corporation

Note 2 - Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from

accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

Basis of Presentation

The County's basic financial statements consist of government-wide financial 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 statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the County at year-end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts 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 receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts 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. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

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. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

<u>General Fund</u> – 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 or transferred according to the general laws of Ohio.

<u>Public Assistance Fund</u> – This fund accounts for and reports federal, State, and local monies restricted to provide general relief and to pay providers of medical assistance and social services.

<u>Repair Motor Vehicle License Fund</u> – This fund accounts for and reports State-levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

<u>Board of Developmental Disabilities Fund</u> – This fund accounts for and reports monies restricted for the operation of a school for the mentally and developmentally disabled, financed by a County-wide property tax levy and federal and State grants.

<u>Children Services Fund</u> – This fund accounts for and reports the County-wide tax levy along with various federal and State grants restricted for the support of foster homes, medical treatment, school supplies, counseling and parental assistance.

The other governmental funds of the County account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund

The County classifies funds financed primarily from user charges for goods or services as proprietary. The proprietary fund is classified as an enterprise fund.

<u>Enterprise Fund</u> - The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's only enterprise fund:

<u>Sewer Fund</u> - To account for and report the provision of sanitary sewer services to the residents and businesses of the County.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The County has two private purpose trust funds which account for monies to be used by the Children Service's Department as authorized in the wills of Carey B. Emery and Fannie L. Polk. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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 cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Commissioners. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

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 appropriations 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, including all supplemental appropriations.

Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash and cash equivalents that are held for unclaimed monies are recorded under restricted assets as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash and cash equivalents that are held separately within departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

The Southern Ohio Council of Governments is currently holding deposits that belong to the County. These are represented as "Cash and Cash Equivalents with Fiscal Agents" on the financial statements.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2018, the County invested in money market mutual funds, negotiable certificates of deposit, federal government agency securities and STAR Ohio. Investments are reported at cost, except for the money market fund and STAR Ohio. The County's money market fund investment is recorded at the amount reported by Fifth Third Bank on December 31, 2018.

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, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 were \$249,281, which includes \$193,488 assigned from other County funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by 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.

Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The County reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other longterm obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally disabled, and activities of the County's courts. None of which is restricted by enabling legislation.

The County's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted

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

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

The County Auditor assigned fund balance to cover a gap between estimated revenue and appropriations in the year 2019 appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

Note 3 – Compliance and Accountability

Compliance

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Accountability

At December 31, 2018, the Ohio Pet Fund had a deficit fund balance of \$135. The General Fund is liable for any deficit in the nonmajor special revenue funds and will provide transfers when cash is required not when accruals occur.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are the following:

- 1. Cash that is held by agency funds on behalf of County funds on a budget basis are allocated and reported on the cash basis in the appropriate County fund.
- 2. Cash that is held by the Southern Ohio Council of Governments on behalf of the County Board of Developmental Disabilities Fund are reported on the cash basis.
- 3. Budgetary revenues and expenditures of the Certificate of Title Administration and Child Emergency Special Revenue Funds are classified to the General Fund for GAAP reporting. Budgetary revenues and expenditures of the Community MRDD Residential Service, Help Me Grow, Art Studio, and Board of DD Developmental Special Revenue Funds are classified to the Board of MRDD Fund for GAAP reporting.
- 4. Encumbrances outstanding at year-end.

		Board of			
		Public	Repair	Developmental	Children
	General	Assistance	MVL	Disabilities	Services
	Fund	Fund	Fund	Fund	Fund
Cash Basis	\$426,367	(\$44,832)	(\$232,748)	(\$1,684,305)	(\$177,782)
Encumbrances	0	0	(235,702)	0	0
Agency Fund Distribution:					
Beginning of Year	146,142	0	84	164,953	34,808
End of Year	(109,050)	0	(122)	(120,893)	(25,678)
Southern Ohio Council of					
Governments Activity	0	0	0	43,024	0
Excluded Funds for					
Budget Purposes	(38,857)	0	0	652,213	0
Budget Basis	\$424,602	(\$44,832)	(\$468,488)	(\$945,008)	(\$168,652)

5. Agency fund distributions to appropriate County funds.

Note 5 - 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;
- 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,
- 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.

At year end, the County had \$6,050 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$4,828,108 of the County's bank balance of \$15,078,108 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's agent, but not in the County's name.

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

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

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

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2018, the County had the following investments:

	Measurement	Investment (in Y		Moody's or S&P	Percentage of Total
Investment Type	Amount	Less than 1	1-2	Ratings	Investments
Money Market Mutual Funds	\$134,808	\$134,808	\$0	AAAm	N/A
Negotiable Certificates of Deposit	3,652,383	684,662	2,967,721	N/A	56.96%
Federal Home Loan Mortgage Bank Bonds	1,582,090	987,100	594,990	Aaa	24.67%
STAROhio	1,043,327	1,043,327	0	AAAm	16.27%
Total Investments	\$6,412,608	\$2,849,897	\$3,562,711		

Interest Rate Risk

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County's investment policy addresses interest rate risk by requiring that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk

STAROhio and the Fifth Third Institutional Government Money Market Fund carry a rating of AAAm by Standard & Poor's. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The County has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of Credit Risk

The County's investment policy does not address concentration of credit risk beyond the requirements in State statute.

Note 6 - Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In 2018, the County received a total of \$6,366,391. The allocation of the sales tax is 100 percent to the County's General Fund. Vendor collections of the permissive sales 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 45 days after the end of each month. The Tax Commissioner shall then, on or before the 20th day of the month in which certification is made, provide for payment to the County.

Note 7 - 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 are 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 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 \$10.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$677,005,880
Other	75,771,250
Public Utility Property:	
Personal	50,497,650
Total Assessed Value	\$803,274,780

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. 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.

Note 8 - Risk Management

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 County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	Liablility
General Liability	\$1,000,000
Law Enforcement Liability	1,000,000
Automobile Liability	1,000,000
Uninsured/Underinsured Motorists	250,000
Errors and Omissions Liability (\$1,000,000 annual aggregate)	1,000,000
Excess Liability (sublimit \$5,000,000 for sexual harassment)	9,000,000
Property (total covered value)	88,716,896
Equipment Breakdown	100,000,000
Crime Insurance	1,000,000
Stop Gap Liability	1,000,000
Medical Professional Liability (sublimit \$6,000,000 for sexual harassment)	10,000,000
Foster Parents (sublimit \$6,000,000 for sexual harassment)	10,000,000

There has been no significant change in insurance coverage from 2017 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2018, the County participated in the County Commissioners' Association of Ohio Service Corporation, an insurance purchasing pool (See Note 15). 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 the individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee 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 Comp Management, 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 60 days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows a representative of the Plan to assess loss experience for three years following the last year of participation.

Note 9 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions/OPEB 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. Resulting adjustments to the net pension/OPEB liability 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.

The net pension and net OPEB liability (asset) are disclosed as a commitment and not presented on the face of the financial statements as a liability (asset) because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 10 for the 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 tradition 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):

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

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:

	State and Local	Law Enforcement
2018 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee *	10.0 %	**
2018 Actual Contribution Rates		
Employer:	14.0 0/	10 1 0/
Pension ***	14.0 %	18.1 %
Post-employment Health Care Benefits ***	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

- ** 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 \$1,559,734 for the traditional plan, \$6,691 for the combined plan and \$18,551 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – County licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent 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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The County's contractually required contributions to STRS was \$28,552 for 2018.

Pension Liability

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The STRS' net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability 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 of the County's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension				
Liability/Asset:				
Current Measurement Date	0.08059500%	0.01426700%	0.00174411%	
Prior Measurement Date	0.07843400%	0.01477900%	0.00135742%	
Change in Proportionate Share	0.00216100%	-0.00051200%	0.00038669%	
Proportionate Share of the:				
Net Pension Liability	\$12,643,793	\$0	\$383,491	\$13,027,284
Net Pension Asset	0	19,422	0	19,422

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following 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.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases,	3.25 to 10.75 percent	3.25 to 8.25 percent
including inflation	including wage inflation	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,	3 percent, simple through 2018,
	then 2.15 percent, simple	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 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 of 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 of 2006. The base year of 2006. The base year 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.

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:

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$22,452,155	\$12,643,793	\$4,466,575
OPERS Combined Plan	(\$10,558)	(\$19,422)	(\$25,538)

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, is 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
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. 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-2014 Employee Mortality Table, projected forward generationally using mortality rates are based on RP-2014.

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 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:

	Current			
	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)	
County's proportionate share	<u>,</u>		***	
of the net pension liability	\$560,038	\$383,491	\$234,068	

Note 10 - Defined Benefit OPEB Plans

Net OPEB Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported January 1, 2018, as the net OPEB liability is not reported in the accompanying financial statements. See Note 9 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.

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. Beginning in 2018, health care is not being funded.

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 2017 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 \$773 for 2018.

Plan Description - State Teachers Retirement System (STRS)

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

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

Net OPEB Liability

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

	OPERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.075940%	0.00174411%	
Prior Measurement Date	0.073530%	0.00135742%	
Change in Proportionate Share	0.0024100%	0.00038669%	
Proportionate Share of the Net	.		Total
OPEB Liability Net OPEB Asset	\$8,246,525 0	\$0 28,026	\$8,246,525 28,026
NEI OI ED ASSEI	0	28,020	26,020

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent
including inflation	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 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 are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

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

considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

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

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

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

Sensitivity of the County's Proportionate Share of the Net OPEB 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:

	Current		
	1% Decrease Discount Rate 1% Increase		
	(2.85%)	(3.85%)	(4.85%)
County's proportionate share			
of the net OPEB liability	\$10,955,864	\$8,246,525	\$6,055,334

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.

	Current Health Care		
	Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
County's proportionate share			
of the net OPEB liability	\$7,890,166	\$8,246,525	\$8,615,541

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018 and 2017, actuarial valuations are presented below:

	June 30, 2017	June 30, 2018
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to	12.50 percent at age 20 to
	2.50 percent at age 65	2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent	7.45 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate	-5.23 to 9.62 percent initial 4.0 percent ultimate

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

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

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

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 9.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The 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 of 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.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability 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	(\$24,021)	(\$28,026)	(\$31,392)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$31,202)	(\$28,026)	(\$24,801)

Note 11 - Long -Term Debt

The County's long-term debt activity for the year ended December 31, 2018, was as follows:

	Interest Rate	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Due Within One Year
General Obligation Bonds:						
2005 General Obligation Bonds						
Various Purpose	4.80%	\$852,000	\$0	\$90,000	\$762,000	\$94,000
2016 General Obligation Energy Conservation Bon	1.90%	942,000	0	60,000	882,000	61,000
Total General Obligation Bonds		1,794,000	0	150,000	1,644,000	155,000
OPWC Loans:						
1996 OPWC Rocky Fork Lake						
Area Wastewater Collection System Loan	0.00%	30,000	0	10,000	20,000	20,000
2003 OPWC Rolling Acres						
Wastewater Treatment Plant Loan	0.00%	9,479	0	2,107	7,372	2,107
2009 OPWC Southwest Wastewater	0.00%	137,521	0	11,460	126,061	11,460
Treatment Plant Loan						
2009 OPWC Lakeside Wasterwater	0.00%	42,156	0	3,513	38,643	3,513
Treatment Plant Repair Loan		*		,	,	,
2015 OPWC Rocky Fork Lake						
Wastewater System Improvements Loan	0.00%	169,317	0	6,047	163,270	6,047
Total OPWC Loans		388,473	0	33,127	355,346	43,127
Long-Term Notes:						
Bond Anticipation Note						
Geographic Information System	4.21%	232,925	0	24,000	208,925	25,000
Bond Anticipation Note						
Real Estate Acquisition	4.21%	76,000	0	8,000	68,000	9,000
Bond Anticipation Note		,		,	,	,
Airport Improvement	6.00%	584,000	0	63,000	521,000	66,000
Bond Anticipation Note						
Juvenile Detention Center	3.40%	340,000	0	35,000	305,000	35,000
Bond Anticipation Note						
Various Purpose	4.07%	111,000	0	9,000	102,000	10,000
Total Long-Term Notes		\$1,343,925	\$0	\$139,000	\$1,204,925	\$145,000
-		<u> </u>				continued

	Interest Rate	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Due Within One Year
OWDA Loans:						
1998 OWDA Rocky Fork						
Water Pollution Control Loan	2.20%	\$1,198,708	\$0	\$471,630	\$727,078	\$482,063
2004 OWDA Highland-Leesburg						
Sewer Loan	3.98%	579,856	0	21,719	558,137	22,592
2006 OWDA Mowrystown Sewer Loan	3.92%	1,665,359	0	54,200	1,611,159	56,345
2009 OWDA Babington Sewer Loan	4.75%	294,362	0	294,362	0	0
2014 OWDA Pump Station Upgrade Loan	3.34%	441,526	0	18,239	423,287	18,854
Total OWDA Loans		4,179,811	0	860,150	3,319,661	579,854
Other Long-Term Obligations:						
1994 Special Assessment Bonds Series A						
Madison Township	4.50%	512,800	0	20,700	492,100	21,700
2015 First State Bank Loan	2.25%	16,579	0	16,579	0	0
2016 Refunding Bonds	1.90%	1,584,000	0	305,000	1,279,000	311,000
Total Other Long-Term Obligations		2,113,379	0	342,279	1,771,100	332,700
Total Long-Term Liabilities		\$9,819,588	\$0	\$1,524,556	\$8,295,032	\$1,255,681

2005 Various Purpose General Obligation Bonds

On November 7, 2005, the County issued \$1,638,000 in general obligation bonds for the purpose of retiring bond anticipation notes that were used to acquire a building within the County, acquire and install a geographic information system and pay costs of renovating and making improvements to the County Courthouse. The bonds mature in 2025, and will be paid from the Various Purpose Debt Service Funds.

2016 General Obligation Energy Conservation Bonds

On December 28, 2016, the County issued \$1,000,000 in general obligation bonds for the purpose of acquiring and constructing energy conservation improvements in county buildings and facilities. The bonds mature in 2031, and will be paid from the Energy Efficiency Debt Retirement Fund.

1996 Ohio Public Works Commission Rocky Fork Lake Area Wastewater Collection System Loan

On July 1, 1996, the County entered into a \$400,000 loan agreement with the Ohio Public Works Commission for the Rocky Fork Lake Area Wastewater Collection System project. The loan matures in 2019 and will be paid from the Rocky Fork Lake Debt Retirement Fund.

2003 Ohio Public Works Commission Rolling Acres Wastewater Treatment Plant Loan

In 2003, the County entered into a \$42,136 loan with the Ohio Public Works Commission for the purpose of replacing a wastewater treatment plant in the Rolling Acres subdivision. The final payment on the loan is due in 2022 and payments will be made from the Rocky Fork Lake Debt Retirement Fund.

2009 Ohio Public Works Commission Southwest Wastewater Treatment Plant Loan

In 2009, the County entered into a \$392,700 loan with the Ohio Public Works Commission for the purpose of constructing a wastewater treatment plant in the Village of Mowrystown. The final debt payment on the loan is due in 2030 and payments will be made from the Mowrystown Sewer Debt Retirement Fund.

2009 Ohio Public Works Commission Lakeside Wastewater Treatment Plant Repair Loan

In 2009, the County entered into a \$325,800 loan with the Ohio Public Works Commission for the purpose of updating the wastewater treatment plant in the Lakeside Subdivision. The final debt payment on the loan is due in 2030 and payments will be made from the Lakeside Sewer Debt Retirement Fund.

2015 Ohio Public Works Commission Rocky Fork Lake Wastewater System Improvements Loan

In 2015, the County entered into a \$181,412 loan agreement with the Ohio Public Works Commission for the Rocky Fork Lake Wastewater System Improvements project. The loan matures in 2043 and payments will be paid from the Rocky Fork Lake Debt Retirement Fund.

Bond Anticipation Note - Geographic Information System

On June 30, 2005, the County issued a \$457,925 bond anticipation note for the purpose of financing the purchase and installation of a geographic information system. The note will be paid from the G.I.S. Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note - Real Estate Acquisition

On June 30, 2005, the County issued a \$152,000 bond anticipation note for the purpose of acquiring real estate for the use of the Highland County Agricultural Society. The note will be paid from the Fairground Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note - Airport Improvement

On June 30, 2005, the County issued a \$1,165,000 bond anticipation note for the purpose of making improvements to the airport. The note will be paid from the Airport Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note - Juvenile Detention Center

On April 7, 2005, the County issued a \$650,000 bond anticipation note for the purpose of constructing and improving the South Central Regional Juvenile Detention Center. The note will be paid from the SCRJDC Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note – Various Purpose

On December 27, 2007, the County issued a \$900,000 bond anticipation note for the purpose of installing computer hardware and software, acquiring a vehicle for emergency services, and acquiring real estate. The note will be paid from the Various Purpose Debt Retirement Fund. The note matures in 2027.

1998 Ohio Water Development Authority Rocky Fork Water Pollution Control Loan

On January 29, 1998, the County entered into an \$8,130,000 loan agreement with the Ohio Water Development Authority for the Rocky Fork Lake project. The final payment on the loan is due in 2020 and payments will be made from the Rocky Fork Lake Debt Retirement Fund.

2004 Ohio Water Development Authority Highland - Leesburg Sewer Loan

On May 27, 2004, the County entered into a loan agreement with the Ohio Water Development Authority for running sewer lines to connect the Villages of Highland and Leesburg. The final payment on the loan is due in 2036 and payments will be made from the Highland-Leesburg Sewer Debt Retirement Fund.

2006 Ohio Water Development Authority Mowrystown Sewer Loan

On April 27, 2006, the County entered into a loan agreement with the Ohio Water Development Authority for the construction of a sewer plant in Mowrystown. The final payment on the loan is due in 2036 and payments will be made from the Mowrystown Sewer Debt Retirement Fund.

2009 Ohio Water Development Authority Babington Sewer Loan

On February 26, 2009, the County entered into a loan agreement with the Ohio Water Development Authority for the construction of a wastewater collection system in the Babington mobile home park. This loan was paid off from the Babington Sewer Debt Retirement Fund in 2018.

2014 Ohio Water Development Authority Pump Station Upgrade Loan

In 2014, the County entered into a loan agreement with the Ohio Water Development Authority for the pump station upgrade. The final payment on the loan is due in 2036 and payments will be made from the Rocky Fork Lake Debt Retirement Fund.

1994 Special Assessment Bonds Series A Madison Township

On December 1, 1994, the County issued \$810,162 in special assessment bonds (Series A) for the purpose of retiring bond anticipation notes that were used for making improvements to Sanitary Sewer Subdistrict No. 2 (Madison Township). The bonds mature in 2034 and will be paid from the Madison Township Debt Retirement Fund.

2015 First State Bank Loan

On February 5, 2015, the County entered into a loan agreement with First State Bank for the purchase of vehicles for the sheriff. The loan was paid off in 2018 from the General Fund.

2016 Refunding Bonds

On December 28, 2016, the County issued \$1,883,000 in current refunding bonds with First State Bank for the purpose of retiring the 2014 Merchants National Bank Bonds in order to take advantage of lower interest rates. Bonds will be repaid from Refunding Bonds Correctional Facilities Debt Service Fund.

The following is a summary of the County's future annual debt service requirements for governmental activities:

			OPWC		
	General Obliga	tion Bonds	Loans	Long-Term	Notes
Year	Principal	Interest	Principal	Principal	Interest
2019	\$155,000	\$51,872	\$43,127	\$145,000	\$50,653
2020	161,000	45,945	23,127	153,000	44,498
2021	165,000	39,766	23,127	158,000	36,942
2022	172,000	33,356	22,073	169,000	29,569
2023	180,000	27,860	21,020	173,000	21,852
2024-2028	589,000	58,180	94,591	406,925	20,251
2029-2033	222,000	12,739	52,695	0	0
2034-2038	0	0	30,235	0	0
2039-2043	0	0	30,235	0	0
2044-2046	0	0	15,116	0	0
Total	\$1,644,000	\$269,718	\$355,346	\$1,204,925	\$203,765

	OWDA Loans		Special Assess	sment Bonds
Year	Principal	Interest	Principal	Interest
2019	\$579,854	\$111,943	\$21,700	\$22,145
2020	346,581	97,505	22,600	21,168
2021	105,484	90,890	23,700	20,151
2022	109,556	86,819	24,700	19,085
2023	113,785	82,590	25,800	17,973
2024-2028	638,330	343,545	115,500	59,737
2029-2033	771,548	210,324	216,200	46,611
2034-2038	654,523	57,909	41,900	1,885
Total	\$3,319,661	\$1,081,525	\$492,100	\$208,755

	Refunding Bonds				
Year	Principal	Interest			
2019	\$311,000	\$22,829			
2020	316,000	16,901			
2021	323,000	10,858			
2022	329,000	4,693			
Total	\$1,279,000	\$55,281			

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to three percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The County's unvoted debt margin was \$5,390,796 at December 31, 2018.

Note 12 - Interfund Activity

Interfund Transfers

During 2018, the following transfers were made:

		Transfer From			
		Board of			
			Developmental	Nonmajor	
		General	Disabilities	Governmental	
_		Fund	Fund	Funds	Total
Transfer To					
ans	General Fund	\$0	\$0	\$34,612	\$34,612
Tr	Nonmajor Governmental Funds	1,803,040	350,000	0	2,153,040
	Total All Funds	\$1,803,040	\$350,000	\$34,612	\$2,187,652

Transfers from the General Fund were made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers from the Board of Developmental Disabilities Funds to the Board of Developmental Disabilities Permanent Improvement Fund was made to support general maintenance and repairs to the facility.

Interfund Advances

During 2018, the following advances were made:

		Advances Out	
-	Nonmajor		
	General Governmental		
	Fund	Funds	Total
Sec			
General Fund	\$0	\$30,599	\$30,599
Nonmajor Governmental Funds	30,599	80,500	111,099
Total All Funds	\$30,599	\$111,099	\$141,698

The advances are due to lags between the dates when goods and services are provided, transactions recorded in the accounting system, and payments between funds are made.

Note 13 - Contingent Liabilities

Litigation

The County is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

Federal and State Grants

Amounts grantor agencies pay to the County are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 14 - Jointly Governed Organizations

Ross, Pickaway, Highland and Fayette Counties Joint Solid Waste District

The Ross, Pickaway, Highland and Fayette Counties Joint Solid Waste District (the District) is a jointly governed organization among Ross, Pickaway, Highland and Fayette Counties. Each of these governments supports the District. The County made no contribution during 2018. The Board of Directors consists of 12 members, the three County Commissioners of each of the four counties. The Board exercises total control over the operations including budgeting, appropriating, contracting, and designing management. Each participant's degree of control is limited to its representation on the Board. The District does not have any outstanding debt. The District is self-sufficient, operating entirely on collected fees.

Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services

The Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services (the Board) of Pike, Fayette, Highland, Pickaway and Ross Counties is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of 18 members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and

Drug Addiction Services. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board received revenue from the participating counties and received federal and State funding through grant monies which are applied for and received by the Board of Trustees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

Highland County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Highland County has no ongoing financial interest or responsibility. Complete financial statements can be obtained from the Paint Valley ADAMHS Board, Adam Dyer who serves as Finance Director, 1394 Chestnut Street, Chillicothe, Ohio 45601.

South Central Regional Juvenile Detention Center

The South Central Regional Juvenile Detention Center (the Center) is a jointly governed organization. It was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member counties. The current members include Fayette, Pike, Ross, Jackson, Vinton and Highland Counties. The Center's Board consists of one member from each participating county that is appointed by the Juvenile Court Judge or a County Commissioner from each County. The joint Board selects the superintendent as the Center's administrator. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

The Center's revenue is from per diem charges for inmates to the respective counties and a percent of the county tax base to the total base. Ross County is the fiscal officer of the Center. Highland County does not have any financial interest or responsibility.

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 15 member board with each participating County represented by its Director of its Board of Developmental Disabilities. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

Note 15 - Public Entity Risk Pool and Insurance Purchasing Pool

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among 39 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 of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees 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. The County's payment to CORSA for insurance in 2018 was \$171,772.

County Commissioners' Association of Ohio Service Corporation

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance 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 participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

Note 16 - 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General Fund	Public Assistance Fund	Repair MVL Fund	Board of Developmental Disabilities Fund	Children Services Fund
NT 111					
Nonspendable:					
Unclaimed Monies	\$259,246	\$0	\$0	\$0	\$0
Restricted for:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Public Works	0	0	248,528	0	0
Health	0	0	0	4,339,438	0
Human Services	0	227,301	0	0	906,814
Capital Improvements	0	0	0	0	0
Debt Service Payments	0	0	0	0	0
Total Restricted	0	227,301	248,528	4,339,438	906,814
Committed to:					
Other purposes	800,000	0	0	0	0
Assigned to:					
Debt Service Payments	0	0	0	0	0
Future Appropriations	231,500	0	0	0	0
Total Assigned	231,500	0	0	0	0
Unassigned (Deficit)	1,643,733	0	0	0	0
Total Fund Balances	\$2,934,479	\$227,301	\$248,528	\$4,339,438	\$906,814
			onmajor ernmental		

Fund Balances	Governmental Funds	Total
Nonspendable:		
Unclaimed Monies	\$0	\$259,246
Restricted for:		
General Government	1,291,674	1,291,674
Public Safety	1,253,382	1,253,382
Public Works	440,764	689,292
Health	141,427	4,480,865
Human Services	1,028,109	2,162,224
Capital Improvements	269,921	269,921
Debt Service Payments	368,668	368,668
Total Restricted	4,793,945	10,516,026
Committed to:		
Other Purposes	5,447	805,447
Assigned to:		
Debt Service Payments	6,004,868	6,004,868
Future Appropriations	0	231,500
Total Assigned	6,004,868	6,236,368
Unassigned (Deficit)	(135)	1,643,598
Total Fund Balances	\$10,804,125	\$19,460,685

<u>Note 17 – Significant Commitments</u>

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances 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:

Repair MVL Fund \$235,702

Note 18 – Restatement of Fund Balance

In 2018, there was a correction of prior period audit adjustments. The restatement had the following effect on the fund balances at December 31, 2017 as previously reported.

		Nonmajor
	Public	Governmental
	Assistance Fund	Funds
Fund Balance, December 31, 2017	\$264,941	\$10,230,271
Correction of Prior Year Audit Adjustment	7,192	(7,192)
Fund Balance, December 31, 2017 Restated	\$272,133	\$10,223,079

Note 19 – Implementation of New Accounting Pronouncements

For 2018, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had no effect on the beginning net position as reported at December 31, 2017.

Note 20 - Highland County Regional Airport Authority

Summary of Significant Accounting Policies

The summary of significant accounting policies of the Highland County Regional Airport Authority (the Authority) is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the Authority's management who is responsible for their integrity and objectivity.

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Highland County Regional Airport Authority, Highland County, (the Authority) as a body corporate and politic. The Authority is directed by a seven-member Board, appointed by the Highland County Commissioners. The Authority is responsible for the safe and efficient operation and maintenance of the airport.

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

Basis of Accounting

The financial statements follow the cash accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

Cash and Equivalents

The Authority deposits all available funds in interest earning checking accounts at a local commercial bank.

Property, Plant, and Equipment

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Equity in Pooled Cash

The carrying amount of deposits and investments at December 31, 2018 was \$68,802. Deposits are insured by the Federal Depository Insurance Corporation.

Risk Management

The Highland County Commissioners carry insurance through private carriers for airport property and liability.

Note 21 – Highland County Airport Authority Loan and County Loan Guarantee

The Highland County Airport Authority, a discretely presented component unit of the County, entered into a loan agreement on August 16, 2017 in the amount of \$127,000 with the Ohio Department of Transportation, to finance the purchase of an existing privately-owned aircraft hangar plus maintenance costs for hangars owned by the authority located at the Highland County Airport. The interest rate of the loan ranges from 0 to 3 percent. Semiannual loan payments of \$4,729 begin in May of 2020. The Authority agreed to pledge its hangar lease revenue that is generated by the purchase of the hangers and all non-tax revenue to repay the loan. Highland County guaranteed the debt by agreeing to use any and all legal sources to pay the loan if the Authority's lease and non-tax revenues are not sufficient to make the scheduled loan payments as required.

For the Year Ended December 31, 2018			
Federal Grantor Pass-Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture Passed Through Ohio Department of Job and Family Services: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Total SNAP Cluster	10.561	G-1819-11-5754	\$305,872 305,872
Total United States Department of Agriculture			305,872
United States Department of Housing and Urban Development Passed Through Ohio Development Services Agency: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Community Development Block Grants/State's Program and	14.228	B-F-16-1BG-1	51,340
Non-Entitlement Grants in Hawaii	14.228	B-X-17-1BG-1	183,196
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			234,536
Total United States Department of Housing and Urban Develop	ment		234,536
United States Department of Justice Passed through State of Ohio Attorney General: Crime Victim Assistance Crime Victim Assistance Total Crime Victim Assistance	16.575 16.575	2018-VOCA-109311888 2019-VOCA-132136281	54,394 <u>11,572</u> 65,966
Passed through Office of Criminal Justice: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JG-LLE-5867	1,825
Direct: Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program Total Bulletproof Vest Partnership Program	16.607 16.607	2016BUBX16080857 2017BUBX17085772	189
Total United States Department of Justice			69,035
United States Department of Transportation Passed Through Federal Aviation Administration: Airport Improvement Program Airport Improvement Program Total Airport Improvement Program	20.106 20.106	AIP-3-39-0040-012-2017 AIP-3-39-0040-013-2018	70,273 29,298 99,571
Passed Through Ohio Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction Highway Planning and Construction Total Highway Planning and Construction Cluster	20.205 20.205	106255 106861	63,978 35,332 99,310

Highland County Schedule of Federal Awards Expenditures For the Year Ended December 31, 2018

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(continued)

For the Year Ended December 31, 2018			
Federal Grantor Pass-Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
Passed Through Ohio Department of Public Safety: Highway Safety Cluster: State and Community Highway Safety Total Highway Safety Cluster	20.600	STEP-2018-00050	\$8,576
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2018-00050	12,400
Total United States Department of Transportation			219,857
United States Department of Education Passed Through Highland County Family & Children First Counc Special Education-Grants for Infants and Families	<i>cil:</i> 84.181	N/A	89,611
Passed Through Ohio Department of Education: Special Education Cluster (IDEA): Special Education-Grants to States Total Special Education Cluster (IDEA)	84.027	3M20	12,270 12,270
Total United States Department of Education			101,881
United States Department of Health and Human Services Passed Through Ohio Department of Developmental Disabilities: Social Services Block Grant	93.667	3250	29,481
Passed Through Ohio Department of Job and Family Services: Social Services Block Grant Total Social Services Block Grant	93.667	G-1819-11-5754	<u>595,187</u> 624,668
Medicaid Cluster: Passed Through Ohio Department of Developmental Disabilities: Medical Assistance Program	93.778	3G60	171,181
Passed Through Ohio Department of Job and Family Services: Medical Assistance Program Total Medical Assistance Program Total Medicaid Cluster	93.778	G-1819-11-5754	962,252 1,133,433 1,133,433
TANF Cluster: Passed Through Ohio Department of Job and Family Services: Temporary Assistance for Needy Families Total TANF Cluster	93.558	G-1819-11-5754	<u>918,328</u> 918,328
Passed Through Ohio Department of Job and Family Services: CCDF Cluster: Child Care and Development Block Grant Total CCDF Cluster	93.575	G-1819-11-5754	47,737 47,737

Highland County Schedule of Federal Awards Expenditures For the Year Ended December 31, 2018

(continued)

For the Year Ended De	cember 51, 2	2018	
Federal Grantor	Federal	Pass Through	Total
Pass-Through Grantor	CFDA	Entity Identifying	Federal
Program/Cluster Title	Number	Number	Expenditures
Promoting Safe and Stable Families	93.556	G-1819-11-5754	\$16,507
Child Support Enforcement	93.563	G-1819-11-5754	286,066
Foster Care-Title IV-E	93.658	G-1819-11-5754	975,280
Adoption Assistance	93.659	G-1819-11-5754	127,143
John H. Chafee Foster Care Program for Successful Transition to			., -
Adulthood	93.674	G-1819-11-5754	7,788
Total United States Department of Health and Human Service	s		4,136,950
United States Election Assistance Commission (EAC)			
Passed Through Ohio Secretary of State:			
2018 HAVA Election Security Grants	90.404	N/A	4,500
Total United States Election Assistance Commission (EAC)			4,500
United States Department of Homeland Security Passed Through Ohio Emergency Management Agency:			
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01	27,735
Total United States Department of Homeland Security			27,735
Total Federal Awards Expenditures			\$5,100,366
N/A - pass-through entity number not available. N - direct from the federal government			

Highland County Schedule of Federal Awards Expenditures For the Year Ended December 31, 2018

See the accompanying notes to the schedule of federal awards expenditures.

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) includes the federal grant activity of Highland 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 financial position, or cash flows, where applicable, of the County.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – U.S. Department of Education – Help Me Grow

Cash receipts from the Help Me Grow Program are commingled with State grants. It is assumed that state monies are expended first.

Note 4 – Matching Requirements

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

Note 5 – Developmental Disabilities Cost Report Settlements

During 2018, the Highland County Board of Developmental Disabilities received a settlement payment for the 2014 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$44,379.23. The Cost Report settlement payment was for settlement of the differences between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's schedule of federal awards expenditures since the underlying expenses occurred in the prior reporting period.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Commissioners Highland County 119 Governor Foraker Place Hillsboro, Ohio 45133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Highland 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 June 7, 2019, wherein we noted the County followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. Further we noted the County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2018-002, that we consider to be a material weakness.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Milleff-Stay CPA/re.

Millhuff-Stang, CPA, Inc. Portsmouth, Ohio

June 7, 2019



Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners Highland County 119 Governor Foraker Place Hillsboro, Ohio 45133

Report on Compliance for Each Major Federal Program

We have audited Highland County's, (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

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Highland County, Ohio Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance Page 2

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance is a deficiency in internal control over compliance with a type of compliance is a deficiency in internal control over compliance with a type of compliance compliance with a type of compliance is a deficiency or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program will not be prevented, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Milliff-Stoy CPA/re.

Millhuff-Stang, CPA, Inc. Portsmouth, Ohio

June 7, 2019

Highland County

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

Section I – Summary of Auditor's Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified (Cash Basis)
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	Temporary Assistance for Needy Families (CFDA #93.558), Medical Assistance Program (CFDA #93.778), Foster Care (Title IV-E) (CFDA #93.658)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2018-001

Noncompliance – Annual Financial Reports

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). This report is required to be filed with the Auditor of State's office within 150 days of fiscal year-end. The County prepares its financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other remedies may be taken against the County. As such, we recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Finding 2018-001 (Continued)

Noncompliance – Annual Financial Reports (Continued)

Client Response: See corrective action plan

Finding 2018-002

Material Weakness – Financial Reporting

A monitoring system by the County should be in place to prevent or detect misstatements for the accurate presentation of the County's financial statements. Various audit adjustments were proposed to correct errors in the financial statements, including misclassified revenues and expenses and errors in cash balances. In addition, there were deficiencies within the note disclosures including most significantly, the County's guarantee of the Airport Authority's loan with the Ohio Department of Transportation. Certain errors were deemed material and were corrected within the financial statements. Other errors were deemed to be immaterial by both management and the audit team and therefore correction was waived. The County should implement additional monitoring procedures to ensure activity is properly recorded and reported.

Client Response: See corrective action plan.

BILL FAWLEY

Highland County Auditor

County Administration Building

119 Governor Foraker Place • P.O. Box 822 • Hillsboro, Ohio 45133 • (937) 393-1915

Finding Anticipated Number **Planned Corrective Action Completion Date Responsible Contact Person** 2018-001 The County continues to believe No completion date **County Auditor** the benefits of converting to GAAP established do not offset the cost of such a conversion. 2018-002 The County noted most errors No completion date **County Auditor** occurred in grant or settlement established reimbursements. The County will send out a notice to departments to make sure the person making payins knows how to do so properly.

Corrective Action Plan For the Year Ended December 31, 2018

BILL FAWLEY

Highland County Auditor

County Administration Building

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2017-001	Noncompliance with ORC Section 117.38/OAC Section 117-2-03(B) – Annual Financial Reports	No	Reissued as Finding 2018-001
Finding 2017-002	Material Weakness – Financial Reporting	No	Reissued as Finding 2018-002
Finding 2017-003	Noncompliance with ORC Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Partially Corrected - Communicated Orally Due to Trivial Noncompliance
Finding 2017-004	Noncompliance/Material Weakness with 45 C.F.R. Section 95.507(a)(2) – Activities Allowed and Unallowed – Foster Care & Medical Assistance Program	No	Partially Corrected - Reissued in Management Letter

Schedule of Prior Audit Findings For the Year Ended December 31, 2018



HIGHLAND 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 Babbett

CLERK OF THE BUREAU

CERTIFIED AUGUST 20, 2019

> 88 East Broad Street, Columbus, Ohio 43215 Phone: 614-466-4514 or 800-282-0370 www.ohioauditor.gov