



Dave Yost • Auditor of State

ADAMS COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position- Cash Basis as of December 31, 2016	13
Statement of Activities- Cash Basis for the Year Ended December 31, 2016.....	14
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances	
Governmental Funds	15
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances	
Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual (Budgetary Basis)	
General Fund.....	17
Ambulance and EMS Fund	18
Real Estate Assessment Fund	19
ABCDD Fund.....	20
Motor Vehicle Gas Tax Fund.....	21
Job and Family Services Fund.....	22
Children Services Levy Fund	23
Statement of Cash Basis Assets and Net Position	
Proprietary Funds	24
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Net Position	
Proprietary Funds	25
Statement of Fiduciary Net Position	
Agency Funds.....	26
Notes to the Basic Financial Statements	27
Schedule of Federal Awards Expenditures	55
Notes to the Schedule of Federal Awards Expenditures.....	57

ADAMS COUNTY
TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	61
Schedule of Findings	63
Prepared by Management:	
Summary Schedule of Prior Audit Findings	67
Corrective Action Plan	69



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Adams County, (the County) and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business- Type Activities	Adverse
Governmental Fund- General Fund	Unmodified
Governmental Fund- Ambulance and EMS	Unmodified
Governmental Fund- Board of Developmental Disabilities	Unmodified
Governmental Fund- Job and Family Services	Unmodified
Governmental Fund- Motor Vehicle and Gas Tax	Unmodified
Governmental Funds- Real Estate Assessment	Unmodified
Governmental Funds- Children Services Levy	Unmodified
Enterprise Fund- Adams County Hospital	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinions on Business Type Activities and Enterprise Fund- Adams County Hospital

Management has not included the Adams County Hospital in the County's financial statements as Business- Type Activities or as an enterprise fund. Accounting principles generally accepted in the United States of America require the Adams County Hospital Fund to be presented as a major enterprise fund and financial information to be part of the Business- Type Activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, fund balances, liabilities, net position, revenues and expenses of the business-type activities and the omitted major fund cannot reasonably be determined.

Adverse Opinions

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinions on Business- Type Activities and Major Enterprise Fund* paragraph, the financial statements referred to above do not present fairly, the cash financial position of the Adams County Hospital enterprise fund or the business- type activities of Adams County, Ohio, as of December 31, 2016, or the changes in cash financial position or cash flows thereof for the year ended in accordance with the basis of accounting note 2 describes.

Unmodified 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, each major fund except the Adams County Hospital fund, discretely presented component unit, and the aggregate remaining fund information of Adams County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Ambulance & EMS, Board of Developmental Disabilities, Job and Family Services, Real Estate Assessment, Children Services Levy and Motor Vehicle Gasoline Tax funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 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.

Other Matters

Supplemental and Other Information

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

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

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

We applied no procedures to Management's Discussion & Analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 5, 2017

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Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2016, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 11.

Financial Highlights

Key financial highlights for 2016 are as follows:

Overall:

Total net position decreased \$1,054,506 with governmental activities decreasing by \$1,056,373 and business-type activities increasing by \$1,867.

Total cash receipts were \$26,821,038 in 2016.

Total cash disbursements were \$27,875,544 in 2016.

Governmental Activities:

Total program cash receipts were \$16,327,462 in 2016, while program cash disbursements were \$27,875,092.

Program cash disbursements were primarily composed of Public Works, Human Services, Health, Public Safety, General Government-Judicial, and General Government-Legislative and Executive related cash disbursements which were \$4,108,916, \$8,216,376, \$3,819,295, \$3,562,085, \$1,824,576, and \$3,656,210, respectively, in 2016.

Business-Type Activities:

Program cash receipts were \$2,319 for business-type activities, while corresponding cash disbursements were \$452.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The *Statement of Net Position-cash basis* and *Statement of Activities-cash basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on the cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, the General Fund, the Ambulance & EMS Fund, the Children Services Levy Fund, the Real Estate Assessment Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and the other separate legal entity. The primary government consists of Adams County. The component unit presentation includes Venture Productions, Inc. on pages 11 and 12 presented on a cash basis. The Adams County Hospital is not presented in these financial statements as part of the primary government as they report on the accrual basis.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Statement of Net Position-cash basis and the Statement of Activities-cash basis

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position-cash basis and the Statement of Activities-cash basis report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position-cash basis and the Statement of Activities-cash basis, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, other, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program and the airport are reported as business-type activities.

Component Unit Activities – Although Venture Productions, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity. Adams County Hospital is also a separate legal entity; however, their financial statements are presented on the accrual basis of accounting. The financial statements of the Adams County Hospital are not included in this presentation.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 8. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the Ambulance & EMS Fund, the Children Services Levy Fund, the Real Estate Assessment Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and cash basis fund balances or changes in net position and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the Statement of Activities-cash basis due to transfers and advances netted on the Statement of Activities-cash basis. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

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

The County as a Whole

Recall that the Statement of Net Position-cash basis provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2016 as compared to 2015:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Assets						
Equity in Pooled Cash and Cash Equivalents	\$11,390,839	\$12,434,783	\$2,582	\$715	\$11,393,421	\$12,435,498
Cash and Cash Equivalents with Fiscal Agents	68,541	80,970	0	0	68,541	80,970
Total Assets	11,459,380	12,515,753	2,582	715	11,461,962	12,516,468
Net Position						
Restricted	10,001,619	11,105,124	0	0	10,001,619	11,105,124
Unrestricted	1,457,761	1,410,629	2,582	715	1,460,343	1,411,344
Total Net Position	\$11,459,380	\$12,515,753	\$2,582	\$715	\$11,461,962	\$12,516,468

Total net position decreased by \$1,054,506 due to cash disbursements exceeding cash receipts.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Table 2 shows the changes in net position for 2016 as compared to 2015.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$4,122,140	\$4,031,842	\$2,319	\$1,177	\$4,124,459	\$4,033,019
Operating Grants and Contributions	11,553,377	12,422,870	0	0	11,553,377	12,422,870
Capital Grants and Contributions	651,945	310,650	0	0	651,945	310,650
Total Program Cash Receipts	16,327,462	16,765,362	2,319	1,177	16,329,781	16,766,539
<i>General Cash Receipts</i>						
Property Taxes	5,677,326	5,479,136	0	0	5,677,326	5,479,136
Sales Taxes	2,846,356	2,737,911	0	0	2,846,356	2,737,911
Grants and Entitlements Not						
Restricted to Specific Programs	1,202,826	1,118,364	0	0	1,202,826	1,118,364
Miscellaneous	471,059	439,859	0	0	471,059	439,859
Interest	61,251	67,596	0	0	61,251	67,596
Proceeds from OPWC Loans	163,000	0	0	0	163,000	0
Proceeds from OWDA Loans	69,439	0	0	0	69,439	0
Proceeds from Bonds and Loans	0	365,287	0	0	0	365,287
Total General Cash Receipts	10,491,257	10,208,153	0	0	10,491,257	10,208,153
Total Cash Receipts	26,818,719	26,973,515	2,319	1,177	26,821,038	26,974,692
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	3,656,210	3,429,568	0	0	3,656,210	3,429,568
Judicial	1,824,576	1,816,087	0	0	1,824,576	1,816,087
Public Safety	3,562,085	3,837,176	0	0	3,562,085	3,837,176
Public Works	4,108,916	4,855,619	0	0	4,108,916	4,855,619
Health	3,819,295	3,596,445	0	0	3,819,295	3,596,445
Human Services	8,216,376	7,668,921	0	0	8,216,376	7,668,921
Other	683,057	531,519	0	0	683,057	531,519
Capital Outlay	1,403,906	643,428	0	0	1,403,906	643,428
<i>Debt Service:</i>						
Principal Retirement	523,695	688,012	0	0	523,695	688,012
Interest and Fiscal Charges	76,976	70,237	0	0	76,976	70,237
Airport	0	0	0	600	0	600
Sewer	0	0	452	1,006	452	1,006
Total Cash Disbursements	27,875,092	27,137,012	452	1,606	27,875,544	27,138,618
Change in Net Position	(1,056,373)	(163,497)	1,867	(429)	(1,054,506)	(163,926)
Net Position at Beginning of Year	12,515,753	12,679,250	715	1,144	12,516,468	12,680,394
Net Position at End of Year	\$11,459,380	\$12,515,753	\$2,582	\$715	\$11,461,962	\$12,516,468

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Net position decreased \$1,056,373 in governmental activities in 2016. Program cash receipts were composed of charges for services, operating grants and contributions and capital grants and contributions which were \$4,122,140, \$11,553,377, and \$651,945 respectively.

Cash receipts for governmental activities decreased \$154,796 primarily due to decreases in operating grants and contributions which were partially offset by increases in capital grants and contributions, property taxes and sales taxes. Operating grants decreased primarily due to decreases in the motor vehicle gas tax program. Capital grants and contributions increased due to an increase in ODOT and OPWC monies received in 2016.

Program cash disbursements increased \$738,080. Public works disbursements decreased as a result of decreased funding for the motor vehicle gas tax program. Human services disbursements increased due to increased services in the children services and public assistance programs. Capital outlay disbursements increased due to road and bridge projects which were funded through grants and loans from the OWDA and OPWC.

Property taxes, sales taxes and operating grants and contributions made up 21.2, 10.6, and 43.1 percent, respectively for governmental activities for the County in 2016.

The Statement of Activities-cash basis shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services (on the cash basis) for the County. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 39.1 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Adams County.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Table 3
Total Cost of Program Services
Governmental Activities and Business-Type Activities

	2016		2015	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$3,656,210	\$2,492,715	\$3,429,568	\$2,372,433
Judicial	1,824,576	1,419,716	1,816,087	1,371,552
Public Safety	3,562,085	2,375,156	3,837,176	2,441,689
Public Works	4,108,916	1,004,273	4,855,619	730,519
Health	3,819,295	848,577	3,596,445	635,355
Human Services	8,216,376	1,835,952	7,668,921	1,378,790
Other	683,057	453,194	531,519	418,976
Capital Outlay	1,403,906	517,376	643,428	264,087
Debt Service				
Principal Retirement	523,695	523,695	688,012	688,012
Interest and Fiscal Charges	76,976	76,976	70,237	70,237
<hr/>				
Total Cash Disbursements - Governmental Activities	<u>\$27,875,092</u>	<u>\$11,547,630</u>	<u>\$27,137,012</u>	<u>\$10,371,650</u>
Business-Type Activities				
Airport	\$0	(684)	\$600	\$600
Sewer	452	(1,183)	1,006	(171)
<hr/>				
Total Cash Disbursements - Business-Type Activities	<u>\$452</u>	<u>(1,867)</u>	<u>\$1,606</u>	<u>\$429</u>

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport. Program cash receipts did support the business-type activities with program cash receipts exceeding program cash disbursements. Overall net position increased \$1,867 from 2015 to 2016.

The County's Funds

Information about the County's major funds starts on page 13. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$27,460,702 and cash disbursements and other financing uses of \$28,517,075. The net change in fund balance for the year was most significant in the ACBDD and the Ambulance & EMS funds. The fund balance of the General Fund increased \$47,132 due to receipts and other financing sources exceeding disbursements and other financing uses. The fund balance in the ACBDD Fund decreased \$406,464 due to disbursements exceeding receipts. The fund balance in the Ambulance and EMS Fund decreased \$213,222 due mainly to increases in services and a transfer out. The fund balance of the Motor Vehicle Gas Tax Fund increased \$94,733. The fund balance in the Job and Family Services Fund increased \$869. The fund balance of the Real Estate Assessment Fund decreased \$81,626. The fund balance of the Children Services Levy fund decreased \$88,135.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts and other financing sources were \$8,455,353, below original budget estimates of \$8,552,000. Of this \$96,647 difference, final budgeted intergovernmental receipts were \$50,022 above original estimates, final budgeted tax receipts were \$230,349 below original estimates, and various other receipt categories made up the difference. Actual cash basis receipts and other financing sources were \$78,717 higher than final budgeted receipts which were primarily due to higher than expected tax and charges for services receipts which were partially offset by lower than anticipated intergovernmental receipts and transfer receipts. Final budgeted appropriations and other financing uses were \$9,321,273, which were above original appropriations and other financing uses of \$8,895,581. Of the \$425,692 difference, final budgeted appropriations in judicial and public safety were \$168,201 and \$143,107 above original budgeted appropriations, respectively, while final budgeted appropriations in public works and other were \$86,276 and \$114,410 below original budgeted appropriations, respectively. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$8,744,652, which was \$210,582 above cash receipts and other financing sources. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$655,338.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$1,403,906 during 2016.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2016, the County had \$5,105,883, in bonds, leases, and related long-term debt for governmental activities. For additional information on debt, please see Note 9 and Note 10.

Table 4 summarizes bonds, loans and notes outstanding for Governmental Activities for the past two years:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2016	2015
General Obligation Bonds	\$950,000	\$1,000,000
Special Assessment Bonds	227,282	234,266
Police Cruisers	80,000	100,000
OPWC Loans	1,583,777	1,501,063
OWDA Loan	1,741,317	1,855,729
Vehicle Acquisition Bonds	300,000	400,000
Courthouse Security & Renovation Bonds	78,000	114,000
West Fork Road Improvement Bonds	112,000	126,000
Capital Lease	33,507	66,081
Totals	\$5,105,883	\$5,397,139

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Gifford, County Auditor of Adams County, 110 West Main Street, Room 104, West Union, Ohio 45693-1395, or email at david.gifford@auditor.adamscountyoh.gov.

Adams County, Ohio
Statement of Net Position - Cash Basis
As of December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$11,390,839	\$2,582	\$11,393,421	\$0
Cash and Cash Equivalents with Fiscal Agents	68,541	0	68,541	0
Cash and Cash Equivalents	0	0	0	327,273
<i>Total Assets</i>	<u>11,459,380</u>	<u>2,582</u>	<u>11,461,962</u>	<u>327,273</u>
NET POSITION:				
Restricted for Debt Service	456,755	0	456,755	0
Restricted for Capital Outlay	120,718	0	120,718	0
Restricted for ACBDD	1,227,721	0	1,227,721	0
Restricted for Motor Vehicle Gas Tax	1,361,042	0	1,361,042	0
Restricted for Job and Family Services	885,920	0	885,920	0
Restricted for Ambulance & EMS	1,286,324	0	1,286,324	0
Restricted for Real Estate Assessment	1,252,874	0	1,252,874	0
Restricted for Ohio Transportation Project	229,104	0	229,104	0
Restricted for Child Support Enforcement	736,422	0	736,422	0
Restricted for Probation Services	183,388	0	183,388	0
Restricted for Children Services Levy	720,916	0	720,916	0
Restricted for Other Purposes	1,540,435	0	1,540,435	0
Unrestricted	1,457,761	2,582	1,460,343	327,273
<i>Total Net Position</i>	<u>\$11,459,380</u>	<u>\$2,582</u>	<u>\$11,461,962</u>	<u>\$327,273</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			Component Unit	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Total
Governmental Activities:								
General Government:								
Legislative and Executive	\$3,656,210	\$651,802	\$511,693	\$0	(\$2,492,715)	\$0	(\$2,492,715)	\$0
Judicial	1,824,576	338,804	66,056	0	(1,419,716)	0	(1,419,716)	0
Public Safety	3,562,085	630,913	556,016	0	(2,375,156)	0	(2,375,156)	0
Public Works	4,108,916	594,151	2,510,492	0	(1,004,273)	0	(1,004,273)	0
Health	3,819,295	545,735	2,424,983	0	(848,577)	0	(848,577)	0
Human Services	8,216,376	1,174,831	5,205,593	0	(1,835,952)	0	(1,835,952)	0
Other	683,057	120,419	109,444	0	(453,194)	0	(453,194)	0
Capital Outlay	1,403,906	65,485	169,100	651,945	(517,376)	0	(517,376)	0
Debt Service:								
Principal Retirement	523,695	0	0	0	(523,695)	0	(523,695)	0
Interest and Fiscal Charges	76,976	0	0	0	(76,976)	0	(76,976)	0
Total Governmental Activities	27,875,092	4,122,140	11,553,377	651,945	(11,547,630)	0	(11,547,630)	0
Business-Type Activities:								
Airport	0	684	0	0	0	684	684	0
Sewer	452	1,635	0	0	0	1,183	1,183	0
Total Business-Type Activities	452	2,319	0	0		1,867	1,867	0
Component Unit:								
Venture Productions, Inc.	292,508	243,209	0	0				(49,299)
Total Component Unit	292,508	243,209	0	0				(49,299)
Totals	\$28,168,052	\$4,367,668	\$11,553,377	\$651,945				(49,299)
General Cash Receipts								
Property Taxes Levied for:								
General Purposes								
				2,459,091	0	2,459,091	0	0
Ambulance & EMS								
				1,147,271	0	1,147,271	0	0
ACBDD								
				740,625	0	740,625	0	0
Children Services								
				1,043,521	0	1,043,521	0	0
Other Purposes								
				286,818	0	286,818	0	0
Sales Taxes Levied for General Purposes								
				2,846,356	0	2,846,356	0	0
Grants and Entitlements Not								
Restricted to Specific Programs								
				1,202,826	0	1,202,826	0	0
Miscellaneous								
				471,059	0	471,059	0	34,305
Interest								
				61,251	0	61,251	0	265
Proceeds from OPWC Loans								
				163,000	0	163,000	0	0
Proceeds from OWDA Loans								
				69,439	0	69,439	0	0
Total General Cash Receipts				10,491,257	0	10,491,257		34,570
Change in Net Position				(1,056,373)	1,867	(1,054,506)		(14,729)
Net Position Beginning of Year				12,515,753	715	12,516,468		342,002
Net Position End of Year				\$11,459,380	\$2,582	\$11,461,962		\$327,273

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 As of December 31, 2016

	General	Ambulance & EMS	Children Services Levy	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
ASSETS:									
Equity in Pooled Cash and Cash Equivalents	\$1,457,761	\$1,286,324	\$720,916	\$1,159,180	\$1,361,042	\$885,920	\$1,252,874	\$3,266,822	\$11,390,839
Cash and Cash Equivalents with Fiscal Agents	0	0	0	68,541	0	0	0	0	68,541
<i>Total Assets</i>	<u>\$1,457,761</u>	<u>\$1,286,324</u>	<u>\$720,916</u>	<u>\$1,227,721</u>	<u>\$1,361,042</u>	<u>\$885,920</u>	<u>\$1,252,874</u>	<u>\$3,266,822</u>	<u>\$11,459,380</u>
FUND BALANCES:									
Nonspendable	\$36,390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,390
Restricted	0	1,286,324	720,916	1,227,721	1,361,042	885,920	1,252,874	3,266,822	10,001,619
Assigned	611,858	0	0	0	0	0	0	0	611,858
Unassigned	809,513	0	0	0	0	0	0	0	809,513
<i>Total Fund Balances</i>	<u>\$1,457,761</u>	<u>\$1,286,324</u>	<u>\$720,916</u>	<u>\$1,227,721</u>	<u>\$1,361,042</u>	<u>\$885,920</u>	<u>\$1,252,874</u>	<u>\$3,266,822</u>	<u>\$11,459,380</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2016

	General	Ambulance & EMS	Children Services Levy	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:									
Taxes	\$5,305,447	\$1,147,271	\$1,043,521	\$740,625	\$0	\$0	\$0	\$286,818	\$8,523,682
Special Assessments	0	0	0	0	0	0	0	14,541	14,541
Charges for Services	1,472,573	330,351	477,270	23,652	2,818	124,301	522,608	883,882	3,837,455
Licenses and Permits	1,989	0	0	0	0	0	0	0	1,989
Fines and Forfeitures	138,511	0	0	0	23,191	0	0	120,994	282,696
Intergovernmental	996,362	104,629	1,250,136	970,640	3,577,742	4,088,877	0	2,405,221	13,393,607
Interest	50,886	0	0	0	10,365	0	0	0	61,251
Other	323,673	3,218	0	0	14,676	51,883	0	77,609	471,059
<i>Total Cash Receipts</i>	<u>8,289,441</u>	<u>1,585,469</u>	<u>2,770,927</u>	<u>1,734,917</u>	<u>3,628,792</u>	<u>4,265,061</u>	<u>522,608</u>	<u>3,789,065</u>	<u>26,586,280</u>
CASH DISBURSEMENTS:									
Current:									
General Government:									
Legislative and Executive	2,878,573	0	0	0	0	0	604,234	173,403	3,656,210
Judicial	1,724,188	0	0	0	0	0	0	100,388	1,824,576
Public Safety	2,717,090	0	0	0	0	0	0	844,995	3,562,085
Public Works	293,639	0	0	0	3,338,423	0	0	476,854	4,108,916
Health	133,969	1,396,691	0	2,128,952	0	0	0	159,683	3,819,295
Human Services	305,267	0	2,859,062	0	0	4,245,352	0	806,695	8,216,376
Other	516,731	0	0	12,429	0	0	0	153,897	683,057
Capital Outlay	0	0	0	0	0	0	0	1,403,906	1,403,906
Debt Service:									
Principal Retirement	0	0	0	0	180,786	0	0	342,909	523,695
Interest and Fiscal Charges	0	0	0	0	14,850	0	0	62,126	76,976
<i>Total Cash Disbursements</i>	<u>8,569,457</u>	<u>1,396,691</u>	<u>2,859,062</u>	<u>2,141,381</u>	<u>3,534,059</u>	<u>4,245,352</u>	<u>604,234</u>	<u>4,524,856</u>	<u>27,875,092</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(280,016)</u>	<u>188,778</u>	<u>(88,135)</u>	<u>(406,464)</u>	<u>94,733</u>	<u>19,709</u>	<u>(81,626)</u>	<u>(735,791)</u>	<u>(1,288,812)</u>
OTHER FINANCING SOURCES (USES):									
Proceeds from OPWC Loans	0	0	0	0	0	0	0	163,000	163,000
Proceeds from OWDA Loans	0	0	0	0	0	0	0	69,439	69,439
Transfers In	402,000	0	0	0	0	77,469	0	96,342	575,811
Advances In	34,411	0	0	0	0	0	0	31,761	66,172
Transfers Out	(77,502)	(402,000)	0	0	0	(96,309)	0	0	(575,811)
Advances Out	(31,761)	0	0	0	0	0	0	(34,411)	(66,172)
<i>Total Other Financing Sources (Uses)</i>	<u>327,148</u>	<u>(402,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,840)</u>	<u>0</u>	<u>326,131</u>	<u>232,439</u>
<i>Net Change in Fund Cash Balances</i>	<u>47,132</u>	<u>(213,222)</u>	<u>(88,135)</u>	<u>(406,464)</u>	<u>94,733</u>	<u>869</u>	<u>(81,626)</u>	<u>(409,660)</u>	<u>(1,056,373)</u>
<i>Fund Cash Balances at Beginning of Year</i>	<u>1,410,629</u>	<u>1,499,546</u>	<u>809,051</u>	<u>1,634,185</u>	<u>1,266,309</u>	<u>885,051</u>	<u>1,334,500</u>	<u>3,676,482</u>	<u>12,515,753</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$1,457,761</u>	<u>\$1,286,324</u>	<u>\$720,916</u>	<u>\$1,227,721</u>	<u>\$1,361,042</u>	<u>\$885,920</u>	<u>\$1,252,874</u>	<u>\$3,266,822</u>	<u>\$11,459,380</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$5,335,349	\$5,105,000	\$5,305,447	\$200,447
Charges for Services	1,289,302	1,241,863	1,282,076	40,213
Licenses and Permits	2,000	2,500	1,989	(511)
Fines and Forfeitures	139,292	164,700	138,511	(26,189)
Intergovernmental	1,001,978	1,052,000	996,362	(55,638)
Interest	51,173	38,000	50,886	12,886
Other	294,035	338,924	322,388	(16,536)
<i>Total Receipts</i>	<u>8,113,129</u>	<u>7,942,987</u>	<u>8,097,659</u>	<u>154,672</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,737,116	2,847,721	2,744,876	102,845
Judicial	1,641,752	1,809,953	1,780,512	29,441
Public Safety	2,898,159	3,041,266	2,787,742	253,524
Public Works	349,260	435,986	333,314	102,672
Health	185,607	199,077	140,964	58,113
Human Services	416,192	356,683	335,319	21,364
Other	667,495	553,085	512,662	40,423
<i>Total Disbursements</i>	<u>8,895,581</u>	<u>9,243,771</u>	<u>8,635,389</u>	<u>608,382</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(782,452)</u>	<u>(1,300,784)</u>	<u>(537,730)</u>	<u>763,054</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	404,266	512,366	402,000	(110,366)
Transfers Out	0	(77,502)	(77,502)	0
Advances In	34,605	0	34,411	34,411
Advances Out	0	0	(31,761)	(31,761)
<i>Total Other Financing Sources (Uses)</i>	<u>438,871</u>	<u>434,864</u>	<u>327,148</u>	<u>(107,716)</u>
<i>Excess of Receipts and Other Financing Sources under Disbursements and Other Financing Uses</i>	<u>(343,581)</u>	<u>(865,920)</u>	<u>(210,582)</u>	<u>655,338</u>
<i>Fund Balance at Beginning of Year</i>	943,569	943,569	943,569	0
<i>Prior Year Encumbrances Appropriated</i>	<u>275,771</u>	<u>275,771</u>	<u>275,771</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$875,759</u></u>	<u><u>\$353,420</u></u>	<u><u>\$1,008,758</u></u>	<u><u>\$655,338</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	Ambulance & EMS Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$1,164,117	\$1,110,676	\$1,147,271	\$36,595
Charges for Services	335,202	347,700	330,351	(17,349)
Intergovernmental	106,165	106,123	104,629	(1,494)
Other	3,265	4,250	3,218	(1,032)
<i>Total Receipts</i>	<u>1,608,749</u>	<u>1,568,749</u>	<u>1,585,469</u>	<u>16,720</u>
DISBURSEMENTS:				
Current:				
Health	1,940,844	1,940,844	1,443,142	497,702
<i>Total Disbursements</i>	<u>1,940,844</u>	<u>1,940,844</u>	<u>1,443,142</u>	<u>497,702</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(332,095)</u>	<u>(372,095)</u>	<u>142,327</u>	<u>514,422</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(402,000)	(402,000)	(402,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(402,000)</u>	<u>(402,000)</u>	<u>(402,000)</u>	<u>0</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	(734,095)	(774,095)	(259,673)	514,422
<i>Fund Balance at Beginning of Year</i>	1,219,743	1,219,743	1,219,743	0
<i>Prior Year Encumbrances Appropriated</i>	<u>279,803</u>	<u>279,803</u>	<u>279,803</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$765,451</u>	<u>\$725,451</u>	<u>\$1,239,873</u>	<u>\$514,422</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	Children Services Levy			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$972,266	\$1,006,000	\$1,043,521	\$37,521
Charges for Services	444,681	448,770	477,270	28,500
Intergovernmental	1,164,773	1,311,950	1,250,136	(61,814)
<i>Total Receipts</i>	<u>2,581,720</u>	<u>2,766,720</u>	<u>2,770,927</u>	<u>4,207</u>
DISBURSEMENTS:				
Current:				
Human Services	2,835,022	3,054,622	2,964,173	90,449
<i>Total Disbursements</i>	<u>2,835,022</u>	<u>3,054,622</u>	<u>2,964,173</u>	<u>90,449</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(253,302)</u>	<u>(287,902)</u>	<u>(193,246)</u>	<u>94,656</u>
<i>Fund Balance at Beginning of Year</i>	722,230	722,230	722,230	0
<i>Prior Year Encumbrances Appropriated</i>	<u>86,822</u>	<u>86,822</u>	<u>86,822</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$555,750</u></u>	<u><u>\$521,150</u></u>	<u><u>\$615,806</u></u>	<u><u>\$94,656</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	ACBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$712,588	\$714,500	\$740,625	\$26,125
Charges for Services	22,757	21,000	23,652	2,652
Intergovernmental	933,896	933,741	970,640	36,899
<i>Total Receipts</i>	<u>1,669,241</u>	<u>1,669,241</u>	<u>1,734,917</u>	<u>65,676</u>
DISBURSEMENTS:				
Current:				
Health	3,082,801	3,070,372	2,183,025	887,347
Other	0	12,429	12,429	0
<i>Total Disbursements</i>	<u>3,082,801</u>	<u>3,082,801</u>	<u>2,195,454</u>	<u>887,347</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(1,413,560)</u>	<u>(1,413,560)</u>	<u>(460,537)</u>	<u>953,023</u>
<i>Fund Balance at Beginning of Year</i>	1,421,384	1,421,384	1,421,384	0
<i>Prior Year Encumbrances Appropriated</i>	<u>212,801</u>	<u>212,801</u>	<u>212,801</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$220,625</u>	<u>\$220,625</u>	<u>\$1,173,648</u>	<u>\$953,023</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	Motor Vehicle Gas Tax Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
RECEIPTS:				
Fines and Forfeitures	\$22,368	\$20,000	\$23,191	\$3,191
Charges for Services	2,718	5,000	2,818	(2,182)
Intergovernmental	3,450,762	3,455,000	3,577,742	122,742
Interest	9,997	10,000	10,365	365
Other	14,155	10,000	14,676	4,676
<i>Total Receipts</i>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,628,792</u>	<u>128,792</u>
DISBURSEMENTS:				
Current:				
Public Works	3,650,929	4,360,321	3,933,021	427,300
Debt Service:				
Principal Retirement	199,200	191,119	180,786	10,333
Interest and Fiscal Charges	<u>0</u>	<u>14,850</u>	<u>14,850</u>	<u>0</u>
<i>Total Disbursements</i>	<u>3,850,129</u>	<u>4,566,290</u>	<u>4,128,657</u>	<u>437,633</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(350,129)</u>	<u>(1,066,290)</u>	<u>(499,865)</u>	<u>566,425</u>
<i>Fund Balance at Beginning of Year</i>	916,180	916,180	916,180	0
<i>Prior Year Encumbrances Appropriated</i>	<u>350,129</u>	<u>350,129</u>	<u>350,129</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$916,180</u></u>	<u><u>\$200,019</u></u>	<u><u>\$766,444</u></u>	<u><u>\$566,425</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$126,763	\$126,763	\$124,301	(\$2,462)
Intergovernmental	4,169,861	4,202,957	4,088,877	(114,080)
Other	52,911	676	51,883	51,207
<i>Total Receipts</i>	<u>4,349,535</u>	<u>4,330,396</u>	<u>4,265,061</u>	<u>(65,335)</u>
DISBURSEMENTS:				
Current:				
Human Services	4,772,731	4,699,284	4,432,481	266,803
<i>Total Disbursements</i>	<u>4,772,731</u>	<u>4,699,284</u>	<u>4,432,481</u>	<u>266,803</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(423,196)</u>	<u>(368,888)</u>	<u>(167,420)</u>	<u>201,468</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	77,469	77,469
Transfers Out	0	(96,309)	(96,309)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(96,309)</u>	<u>(18,840)</u>	<u>77,469</u>
<i>Excess of Receipts and Other Financial Sources under Disbursements and Other Financing Uses</i>	<u>(423,196)</u>	<u>(465,197)</u>	<u>(186,260)</u>	<u>278,937</u>
<i>Fund Balance at Beginning of Year</i>	632,681	632,681	632,681	0
<i>Prior Year Encumbrances Appropriated</i>	<u>252,370</u>	<u>252,370</u>	<u>252,370</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$461,855</u>	<u>\$419,854</u>	<u>\$698,791</u>	<u>\$278,937</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2016*

	Real Estate Assessment			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$ 510,500	\$ 510,500	\$ 522,608	\$ 12,108
<i>Total Receipts</i>	<u>510,500</u>	<u>510,500</u>	<u>522,608</u>	<u>12,108</u>
DISBURSEMENTS:				
Current:				
Health	867,259	868,183	724,282	143,901
<i>Total Disbursements</i>	<u>867,259</u>	<u>868,183</u>	<u>724,282</u>	<u>143,901</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(356,759)</u>	<u>(357,683)</u>	<u>(201,674)</u>	<u>156,009</u>
<i>Fund Balance at Beginning of Year</i>	1,091,681	1,091,681	1,091,681	0
<i>Prior Year Encumbrances Appropriated</i>	<u>242,819</u>	<u>242,819</u>	<u>242,819</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$977,741</u>	<u>\$976,817</u>	<u>\$1,132,826</u>	<u>\$156,009</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Cash Basis Assets and Net Position
Proprietary Funds
As of December 31, 2016

	<u>Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,582</u>
NET POSITION:	
Unrestricted	<u>\$2,582</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Net Position
 Proprietary Funds
 For the Year Ended December 31, 2016*

	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$2,319
<i>Total Operating Cash Receipts</i>	<i>2,319</i>
OPERATING CASH DISBURSEMENTS:	
Contractual Services	452
<i>Total Operating Cash Disbursements</i>	<i>452</i>
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	<i>1,867</i>
<i>Net Cash Position at Beginning of Year</i>	<i>715</i>
<i>Net Cash Position at End of Year</i>	<i>\$2,582</i>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Fiduciary Net Position
Agency Funds
As of December 31, 2016

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$2,357,947
Cash and Cash Equivalents in Segregated Accounts	<u>443,013</u>
<i>Total Assets</i>	<u>2,800,960</u>
NET POSITION:	
Held on Behalf of Others	<u>2,800,960</u>
<i>Total Net Position</i>	<u><u>\$2,800,960</u></u>

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Adams County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the County which are maintained in the funds described below. Services provided by the County include: general government, public safety, public works, health, and human services.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board codification 2100, “Defining the Reporting Entity” for determining the reporting entity. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

Adams County Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. The Hospital is not considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County, and consequently, the Hospital’s financial activity is not presented on the County’s basic financial statements. Separately-issued financial statements can be obtained from Adams County Hospital, 230 Medical Center Drive, Seaman, Ohio 45679.

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. Component units also include organizations that are fiscally dependent on the County in that the County approves the organization’s budget, the issuance of its debt, or levying of its taxes.

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County Treasury. In the case of separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County’s financial statements: Soil and Water Conservation District, Adams County Health District, and Family and Children First Council.

The component unit column on the financial statements identifies the financial data of Venture Productions, Inc. The component unit is reported separately to emphasize that it is legally separate from the County. Information about Venture Productions, Inc. is presented with the County’s disclosures.

Venture Productions, Inc. is a legally separate, not-for-profit corporation, served by a board of trustees appointed by the Adams County Board of Developmental Disabilities (ACBDD). The workshop, under contractual agreement with the Adams County Board of Developmental Disabilities, provides sheltered employment for mentally and/or physically handicapped adults in Adams County. The Adams County Board of Developmental Disabilities provides the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop’s sole purpose of providing assistance to the mentally and/or physically handicapped adults of Adams County, the workshop is considered a component unit of Adams County. Venture Productions, Inc.’s financial activity is included as part of this report. Separately issued financial statements can be obtained from Venture Productions, Inc., P.O. Box 86, Seaman, Ohio 45679.

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Entities for which the County provides services but are not included in this report are the Adams County Educational Service Center, Agricultural Society, and the Historical Society.

Adams County has several County departments that maintain segregated bank accounts for funds held in a custodial capacity. Elected or appointed departmental officials are responsible for the financial records. The County Auditor does not have any operating control over these monies. The financial activity related to these accounts is reported in the accompanying financial statements as agency funds.

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 11 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds for which the County is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Deposits

The County Treasurer invests all available funds of the County. County funds are invested in checking accounts with local commercial banks. The County pools its cash for investment purposes to capture the highest rate of return.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. Under the cash basis of reporting, there is no difference between governmental fund assets and fund balance. The following are the County's major governmental funds:

General Fund

This fund is the general operating fund of the County and is used to account for all financial resources not accounted for or reported in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Ambulance and EMS Special Revenue Fund

This fund is used to provide ambulance and EMS services to the community of Adams County. The primary sources of revenues are monies received from various federal and state grants and a property tax levy.

Children Services Levy Fund

The Children Services Levy fund accounts for property taxes and federal funds restricted for programs designed to help abused, neglected, dependent, and troubled children and their families.

Real Estate Assessment Fund

This fund accounts for state mandated county-wide real estate reappraisals that are funded by charges to the political subdivisions located within the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACBDD Special Revenue Fund

This fund is used to provide assistance and training to mentally retarded and developmentally disabled individuals. The primary sources of revenues are various federal and state grants and a property tax levy.

Motor Vehicle Gas Tax Special Revenue Fund

This fund is used for maintenance and repair of roads and bridges. The primary sources of revenues are monies received from state gasoline tax and motor vehicle registration fees designated

Job and Family Services Special Revenue Fund

This fund is used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of revenue are various federal and state grants as well as transfers from the General Fund

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

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. For the County, enterprise funds are the Sewer Fund, which is used to account for the activities related to wastewater treatment in the County, and the Airport Fuel Fund, which is used to account for fuel purchases and sales for the airport.

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. The County's only fiduciary funds are agency funds.

Agency Funds

Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

For 2016, the County has continued to follow the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following are the more significant of the County's accounting policies. The County's basic financial statements consist of government-wide statements, including a statement of net cash 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-Cash Basis and the Statement of Activities-Cash Basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position-Cash Basis presents the cash basis financial condition of governmental and business-type activities of the County at year-end. The Statement of Activities-Cash Basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding one of the legally separate entities or component units, for which the County is fiscally responsible. This component unit is Venture Productions, Inc. and is described further in Note 1 to the financial statements.

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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Balances

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted 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 policies of the County Commissioners.

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

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

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, Venture Productions, Inc.'s financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget

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.

Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Advances are not appropriated.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The amounts reported as the original budgeted amounts reflect the original budget approved by the County Commissioners.

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Cash and Cash Equivalents

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2016. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of twelve to twenty-four months.

Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to state statutes, grant requirements or debt related restrictions. For 2016, interest receipts credited to the General Fund and the Motor Vehicle Gas Tax Fund were \$50,886 and \$10,365, respectively.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, paid to the employees.

Long-Term Debt Obligations and Short-Term Debt Obligations

In general, bonds, long-term loans, capital leases, and short-term debt obligations are recorded as cash disbursements in the basic financial statements when paid.

Net Position – Cash Basis

Net position consists of cash receipts reduced by cash disbursements for the current year. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised of net position restricted for grants. The County applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

Of the County's \$10,001,619 of restricted net position, none is restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. The County reports advances-in and advances-out for interfund loans. In the government-wide financial statements transfers and advances within governmental activities or within business-type activities are eliminated.

Pensions

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Primary Government

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

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

Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and federal 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than two hundred seventy days after purchase;
9. Bankers' acceptance for a period not to exceed one hundred and eighty days and in an amount not to exceed ten percent of the County's total average portfolio;
10. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
11. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
12. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;
13. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and
14. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

Cash on Hand: At year-end, the County had \$3,000 in undeposited cash on hand which is included as part of net position.

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The County's bank balance of \$14,857,866 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

\$68,541 was on hand with the Southern Ohio Council of Governments (the "Council"), as described in Note 11 to the financial statements. The Council, as fiscal agent, is responsible for obtaining adequate collateral for this money.

B. Component Unit – Venture Productions, Inc.

At December 31, 2016, the carrying amount of Venture Productions, Inc.'s deposits was \$327,273 and the bank balance was \$330,031. The total bank balance consists of a checking and a savings account and was covered by federal deposit insurance.

NOTE 4- BUDGETARY BASIS FUND BALANCES

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 Balances – Budget and Actual – Budgetary Basis presented for the General Fund, Ambulance & EMS Fund, Real Estate Assessment Fund, ACBDD Fund, Motor Vehicle Gasoline Tax Fund, Job and Family Services Fund, and Children Services Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). As part of the Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," certain funds that were previously reported as an Agency or Special Revenue Fund are considered part of the General Fund on a cash basis.

These include the Unclaimed Monies Fund, Certificate of Title Fund, and Public Defender Fund. These funds were excluded from the budgetary presentation for the General Fund.

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 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 addition, the voters have authorized an additional 0.5 percent tax. The allocation of the sales tax is 1 percent to the County's General Fund and 0.5 percent for Adams County Hospital. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Ohio Office of Budget and Management. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the County. Property tax receipts received during 2016 for real and public utility property taxes represent collection of 2015 taxes. Property tax payments received during 2016 for tangible personal property (other than public utility property) are for 2015 taxes.

2016 real property taxes are levied after October 1, 2016 on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are intended to finance 2017.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The assessed value for the taxes levied in 2016 was \$670,713,790 of which real property represented 64 percent (\$426,688,550) of the total and public utility property represented 26 percent (\$244,025,240) of the total. The full tax rate for all County operations for taxes collected in 2016 was \$11.16 per \$1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by 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.

The Adams County Treasurer collects property taxes on behalf of all taxing districts within the County. The Adams County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collection of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

NOTE 6 - 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.

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

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time.

Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. Insurance coverage stayed the same as in the prior year. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities, and net position at April 30:

	2016	2015
Assets	\$118,709,672	\$106,414,816
Liabilities	33,760,998	24,182,435
Net Position	\$84,948,674	\$82,232,381

NOTE 7 - RETIREMENT SYSTEM

Net Pension Liability

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

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

NOTE 7 - RETIREMENT SYSTEM (Continued)

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

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

Under the cash basis of reporting, the County does not record a long-term net pension liability for the proportionate share of each plan's unfunded benefits.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 7 - RETIREMENT SYSTEM (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

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

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

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

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 7 - RETIREMENT SYSTEM (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution to OPERS was \$1,438,485 for fiscal year 2016.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability	
Current Measurement Date	0.07712900%
Proportion of the Net Pension Liability	
Prior Measurement Date	0.08049800%
Change in Proportionate Share	-0.00336900%
Proportionate Share of the Net Pension Liability	\$13,359,514

NOTE 7 - RETIREMENT SYSTEM (Continued)

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 in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation at 3.75% Pre January 7, 2013: 3.00% simple
COLA or Ad Hoc COLA	Post January 7, 2013: 3.00% simple through 2018, then 2.80% simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(b) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 7 - RETIREMENT SYSTEM (Continued)

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 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
County's proportionate share of the net pension liability	\$21,285,290	\$13,359,514	\$6,674,744

Changes Between Measurement Date and Report Date In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.75 percent. Although the exact amount of these changes is not known, the impact to the Government's net pension liability is expected to be significant.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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.

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$205,498, \$161,688, and \$198,285, respectively. The full amount has been contributed for 2016, 2015 and 2014.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 9 - DEBT OBLIGATIONS

Long-Term Debt Obligations:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding the County's general long-term obligations during 2016 is as follows:

	Beginning			Ending	
	Balance 1/1/2016	Additions	Payments	Balance 12/31/2016	Due in One Year
General Obligation Bonds, 1.65% - 3.5%	\$1,000,000	\$0	\$50,000	\$950,000	\$50,000
Special Assessment Bonds, '3.25%	234,266	0	6,984	227,282	7,212
Police Cruisers	100,000	0	20,000	80,000	20,000
OPWC Loan #CO02H, 0%	49,400	0	5,200	44,200	5,200
OPWC Loan #CO02P, 0%	364,000	0	13,000	351,000	13,000
OPWC Loan #CO030, 0%	155,714	0	5,876	149,838	5,876
OPWC Loan #CO05M, 0%	305,601	0	12,733	292,868	12,733
OPWC Loan #CO07S, 0%	0	163,000	6,792	156,208	6,792
OPWC Loan #CO09I, 0%	117,830	0	11,784	106,046	11,784
OPWC Loan #CO14Q, 0%	171,018	0	11,401	159,617	11,401
OPWC Loan #CO15L, 0%	337,500	0	13,500	324,000	13,500
OWDA Loan #4981, 1.00%	1,284,209	0	63,984	1,220,225	43,191
OWDA Loan #5956, 0%	571,520	0	50,428	521,092	33,619
OWDA Loan #7010, 0%	0	69,439	69,439	0	0
OWDA Loan #7477 0%	0	130,454	130,454	0	0
Vehicle Acquisition Bonds, 2.60%	400,000	0	100,000	300,000	100,000
Courthouse Security & Renovation Bonds, 2.99% 2015	114,000	0	36,000	78,000	36,000
West Fork Rd. Improvement Bonds, 3.50%	126,000	0	14,000	112,000	14,000
	<u>\$5,331,058</u>	<u>\$362,893</u>	<u>\$621,575</u>	<u>\$5,072,376</u>	<u>\$384,308</u>

Outstanding special assessment bonds in the amount of \$320,163 were issued for the purpose of financing part of the cost of constructing a sanitary sewer line extension in the Peebles area. It is anticipated that the debt will be paid by the benefited property owners and not from the general funds of the County. However, County general funds are pledged for repayment. The bonds are payable over a period of thirty-nine years at 3.25% per annum, maturing June 1, 2039.

During 2005, the County entered into two grant/loan agreements with the Ohio Public Works Commission (OPWC). The first agreement, pertaining to the Pence Road and Church Road Bridge Replacements, included a grant in the amount of \$364,000 and a loan (Loan #CO02H) in the amount of \$104,000 at 0% interest, with semi-annual payments of \$2,600, maturing July 1, 2025. The second agreement, pertaining to the Buck Run Road Bridge Replacement, included a grant in the amount of \$100,000 and a loan (Loan #CO09I) in the amount of \$235,669 for 2005 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026. The OPWC loans are being repaid from the Motor Vehicle Gas Tax fund.

During 2008, the County entered into a loan agreement (Loan #4981) with OWDA for the purpose of obtaining funds in the amount of \$1,429,833 for phase one of the wastewater plant improvement project. This loan carries an interest rate of 1% and matures on January 1, 2042. This loan is being repaid from the debt service funds.

During 2009, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to Sproull Bridge Replacement, includes a grant of \$458,200 and a loan (Loan #CO05M) in the amount of \$382,000 at 0% interest. This loan is being paid in semi-annual installments of \$6,367, and matures on January 1, 2039. This loan is being repaid from the Motor Vehicle Gas Tax fund.

NOTE 9 - DEBT OBLIGATIONS (Continued)

During 2008, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to the Schools' Access and Sewage Project – Phase I, includes a grant of \$404,800 (CO14L), and a loan (CO15L) in the amount of \$405,000. This loan (CO15L) has a 0.00% interest rate. This loan is being paid back in semi-annual installments of \$6,750 from debt service funds. This loan has a final loan maturity of July 1, 2040.

During 2011, the County entered into a grant/loan agreement (Loan CO030) with OPWC Issue I Round 25 County, Townships and Village Road Improvements for the purpose of obtaining funds in the amount of \$176,280 for 30 years at 0% with semi-annual payments of \$2,938. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2012, the County entered into a grant/loan agreement (Grant CO01P) and (Loan CO02P) with OPWC. This agreement pertains to Beasley Fork Road Bridge Replacement, which included a grant in the amount of \$350,000 and a loan in the amount of \$390,000 at 0% interest, with semi-annual payments of \$6,500. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2011, the County entered into a grant/loan agreement with OWDA (#5956) and the American Reinvestment and Recovery Act (ARRA) for the purpose of obtaining \$2,282,938 for the Waste Water Treatment System. The project has been completed and the loan financed was \$672,377. The loan carries a zero percent interest rate and matures in 2032. The loan is being repaid from a debt service fund.

During 2012, the County issued General Obligation Bonds in the amount of \$1,135,000. The General Obligation Bonds payments are being made annually and will mature in 2032. The bonds are being repaid from debt service funds.

During 2013, the County entered into a grant/loan agreement (Loan CO14Q) with OPWC, County, Townships, and Village Road Improvements, for the purpose of obtaining funds in the amount of \$193,820 for 17 years at 0% with semi-annual payments of \$5,701. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2014, the County Commissioners issued \$500,000 of Engineer's Office Vehicle Acquisition Bonds to purchase vehicles for the Engineer's Office. These bonds have a 2.6% interest rate and will mature in 2019. These bonds are being repaid from the Motor Vehicle Gas Tax Fund.

During 2015, the County Commissioners authorized the issuance of \$144,000 in Courthouse Security Renovation bonds to replace the \$114,000 remaining balance of the 2014 Courthouse Security Renovation bonds and provide additional monies for construction. However, only \$114,000 of these bonds has been drawn down as of year-end. The bonds bear interest at 2.99% and mature in 2019. The bonds are being repaid from the Courthouse Security Renovation Fund.

During 2014, the County Commissioners issued \$140,000 in West Fork Road Improvement bonds for the purpose of improving West Fork Road in the County. The bonds bear interest at 3.50% and mature in 2024. The bonds are being repaid from the Motor Vehicle Gas Tax Fund.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 9 - DEBT OBLIGATIONS (Continued)

During 2015, the County Commissioners authorized the issuance of \$100,000 in Police Cruiser Acquisition bonds to purchase police cruisers. The bonds bear interest at 3.50% and mature in 2020. The bonds are being repaid from a debt service fund.

During 2016, the County entered into a loan agreement (Loan #7010) with OWDA for the purpose of obtaining funds in the amount of \$69,439 for the Betty's Creek water line installation. The loan balance was repaid during 2016 from grant monies.

During 2016, the County entered into a grant/loan agreement (Loan #7477) with OWDA for the purpose of obtaining a loan of \$130,454 for the Louisville Water Tank Project. The loan balance was repaid during 2016 from grant monies.

During 2016, the County entered into a grant/loan agreement (Loan CO07S) with OPWC County, Townships and Village Road and Bridges Improvements for the purpose of obtaining funds in the amount of \$163,000 for 30 years at 0% with semi-annual payments of \$3,396. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

At December 31, 2016, the County's overall legal debt margin was \$10,195,469 with an unvoted debt margin of \$6,707,138.

Amortization of the above long-term debt obligations is as follows:

Special Assessment Bonds				OPWC Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2017	\$7,212	\$7,329	\$14,541	2017	\$80,286	\$0	\$80,286
2018	7,448	7,092	14,540	2018	80,286	0	80,286
2019	7,692	6,848	14,540	2019	80,286	0	80,286
2020	7,944	6,596	14,540	2020	80,286	0	80,286
2021	8,206	6,336	14,542	2021	80,286	0	80,286
2022-2026	45,240	27,476	72,716	2022-2026	381,838	0	381,838
2027-2031	53,152	19,554	72,706	2027-2031	305,113	0	305,113
2032-2036	62,450	10,255	72,705	2032-2036	259,507	0	259,507
2037-2038	27,938	1,144	29,082	2037-2041	206,948	0	206,948
Total	\$227,282	\$92,630	\$319,912	2042-2043	28,941	0	28,941
				Total	\$1,583,777	\$0	\$1,583,777

General Obligation Bonds				OWDA Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2017	\$50,000	\$27,437	\$77,437	2017	\$76,810	\$15,109	\$91,919
2018	50,000	26,613	76,613	2018	77,026	11,878	88,904
2019	50,000	25,487	75,487	2019	77,461	11,443	88,904
2020	50,000	24,363	74,363	2020	77,901	11,004	88,905
2021	55,000	23,237	78,237	2021	78,344	10,560	88,904
2022-2026	285,000	94,738	379,738	2022-2026	398,538	45,963	444,501
2027-2031	335,000	47,850	382,850	2027-2031	410,323	34,201	444,524
2032-2036	75,000	2,625	77,625	2032-2036	271,422	21,811	293,233
	\$950,000	\$272,350	\$1,222,350	2037-2041	267,636	8,790	276,426
				2042	5,856	138	5,994
				Total	\$1,741,317	\$170,897	\$1,912,214

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 9 - DEBT OBLIGATIONS (Continued)

Amortization of the above long-term debt obligations is as follows:

Vehicle Acquisition Bonds				Courthouse Security & Renovation Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2017	\$ 100,000	\$ 7,800	\$107,800	2017	\$ 36,000	\$ 2,960	\$38,960
2018	100,000	5,200	105,200	2018	36,000	1,883	37,883
2019	100,000	2,600	102,600	2019	6,000	807	6,807
Total	\$300,000	\$15,600	\$315,600	Total	\$78,000	\$5,650	\$83,650

Sheriff Cruisers				West Fork Road Improvement Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2017	\$ 20,000	\$ 2,800	\$22,800	2017	\$ 14,000	\$ 3,920	\$17,920
2018	20,000	2,100	22,100	2018	14,000	3,430	17,430
2019	20,000	1,400	21,400	2019	14,000	2,940	16,940
2020	20,000	700	20,700	2020	14,000	2,457	16,457
2021	0	0	0	2021	14,000	1,960	15,960
Total	\$80,000	\$7,000	\$87,000	2022-2024	42,000	2,941	44,941
				Total	\$112,000	\$17,648	\$129,648

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In fiscal year 2014, the County entered into a lease-purchase agreement for the Alert PSS Software System in the amount of \$97,747. The County is leasing the equipment from Alert Public Safety Solutions. This project was financed with American Financial Network, Inc. and the County will make annual lease payments each October. The interest rate is fixed at 2.87 percent and expires in fiscal year 2017. The total principal payments during 2016 were \$32,574.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2016:

Fiscal Year Ending June 30,	Total Payments
2017	34,467
Total	34,467
Less: Amount Representing Interest	(960)
Present Value of Minimum Lease Payments	\$33,507

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

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 fifteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County Board of Developmental Disabilities’ supportive living program monies. The County had a \$68,541 balance on hand with the Council which includes investments at cost. 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 12 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-five counties in Ohio. CORSA was formed as an Ohio not-for-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 coverage 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.

County Commissioners Association of Ohio Workers’ Compensation Group Rating Plan

The County is participating in a group rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 13 – HEALTH CARE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees with Consumer Life through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits and dental benefits through Medical Mutual. The employees share the cost of the monthly premium with the Board of Commissioners. The premium varies with employee depending on the terms of the union contract or personnel policy. Vision insurance is provided to employees by the County through Vision Plus of America.

NOTE 14 - CONTINGENT LIABILITIES

A. Primary Government

Grants

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

Litigation

The County is party to legal proceedings. The County is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the County.

B. Component Unit – Venture Productions, Inc.

As of December 31, 2016, there was no pending litigation against Venture Productions, Inc.

NOTE 15 – INTERFUND TRANSACTIONS

Transfers

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General	\$402,000	\$77,502
Ambulance & EMS	0	402,000
Job and Family Services	77,469	96,309
Total Major funds	479,469	575,811
 <i>Non-major Special Revenue Funds:</i>		
HUD-CDBG-Revolving	33	0
PA/Child Support Enforcement	96,309	0
Total Non-major Special Revenue Funds	96,342	0
 Total All Funds	\$575,811	\$575,811

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget and to provide resources for current operations. All transfers were done in accordance with the Ohio Revised Code. The Transfer in to the General fund was the result of a court order.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 15 – INTERFUND TRANSACTIONS (Continued)

Advances

	Advances In	Advances Out
<i>Major Fund:</i>		
General	\$ 34,411	\$ 31,761
<i>Non-major Special Revenue Funds:</i>		
JAG	9,995	10,526
Victims/Crime Grant	0	13,885
Safe Communities	10,000	10,000
Impaired Driver Enforcement	5,000	
STEP Sheriff	5,000	
State Victim Assistance	1,766	
Total Non-major Special Revenue Funds	31,761	34,411
Total All Funds	\$ 66,172	\$ 66,172

During the year, the County’s General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of advances.

NOTE 16 – 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, deferred inflows and outflows of resources, 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.

NOTE 17 – ADAMS COUNTY REGIONAL MEDICAL CENTER (ACRMC)

The Medical Center’s net position increased \$1,912,079 in 2015 and decreased \$1,886,222 in 2014 (the most recent information available), respectively. The Medical Center had operating income of \$1,729,072 in 2015 and operating loss of \$860,369 in 2014 (the most recent information available).

These factors could be indicative of the Medical Center’s inability to continue as a going concern and the separately issued Medical Center’s audit opinion of December 31, 2015 (the most recent information available) reflected this going concern issue. Management is considering several alternatives for mitigating these conditions during the next year, including:

- Performing an overhaul of the Medical Center’s revenue cycle procedures and implementing a contract management review process
- Increasing volume through aggressive marketing, physician recruitment and relationship with affiliates.
- Continuing to reduce unnecessary expenditures and adhere to effective cost management
- Renegotiating terms of the current bond agreement

The Adams County Regional Medical Center’s financial statements can be obtained from the chief executive officer at 230 Medical Center Drive, Seaman, Ohio 45679.

NOTE 18 – NEW ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2016, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 77, Tax Abatement Disclosures, and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the County.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the County.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the County.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose the certain information about the agreements including brief descriptive information such as the tax being abated, the authority under and mechanism by which tax abatements are provided, eligibility criteria, provisions for recapturing abated taxes, the types of commitments made by tax abatement recipients, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the County; however, certain footnote disclosures have been added to address the requirements of this Statement. Certain footnote disclosures would have been added to address the requirements of this Statement; however, there were no abatement agreements with the County. Also, abatement agreements that other governments have within the County were not significant in relation to the County.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the County.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 19 – FUND BALANCES

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

Fund Balances	General	Ambulance & EMS	Children Services Levy	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
Nonspendable									
Unclaimed Monies	\$36,390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,390
Restricted for									
Ambulance & EMS	0	1,286,324	0	0	0	0	0	0	1,286,324
Other Purposes	0	0	0	0	0	0	0	1,540,435	1,540,435
Motor Vehicle Gas Tax	0	0	0	0	1,361,042	0	0	0	1,361,042
ACBDD	0	0	0	1,227,721	0	0	0	0	1,227,721
Real Estate Assessment	0	0	0	0	0	0	1,252,874	0	1,252,874
Job and Family Services	0	0	0	0	0	885,920	0	0	885,920
Children Services Levy	0	0	720,916	0	0	0	0	0	720,916
Child Support Enforcement	0	0	0	0	0	0	0	736,422	736,422
Probation Services	0	0	0	0	0	0	0	183,388	183,388
Ohio Transportation Project	0	0	0	0	0	0	0	229,104	229,104
Capital Improvements	0	0	0	0	0	0	0	120,718	120,718
Debt Service	0	0	0	0	0	0	0	456,755	456,755
Total Restricted	0	1,286,324	720,916	1,227,721	1,361,042	885,920	1,252,874	3,266,822	10,001,619
Assigned to									
FY17 Appropriations in excess of									
Estimated Receipts	373,507	0	0	0	0	0	0	0	373,507
Other Purposes	238,351	0	0	0	0	0	0	0	238,351
Total Assigned	611,858	0	0	0	0	0	0	0	611,858
Unassigned	809,513	0	0	0	0	0	0	0	809,513
Total Fund Balances	\$1,457,761	\$1,286,324	\$720,916	\$1,227,721	\$1,361,042	\$885,920	\$1,252,874	\$3,266,822	\$11,459,380

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 20 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The County has entered into contracts for the following projects as of December 31, 2016:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 12/31/2016</u>
OPWC Project	\$ 1,050,000	\$ -	\$ 1,050,000

Encumbrances

At December 31, 2016, the County had a significant encumbrance commitment in following governmental fund:

<u>Fund</u>	<u>Amount</u>
<i>Major Fund:</i>	
Motor Vehicle Gas Tax	\$594,598
<i>Nonmajor Fund:</i>	
OPWC Fund CO03T	525,000
Total Encumbrances	<u><u>\$1,119,598</u></u>

ADAMS COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Dept. Job & Family Services</i>				
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-1617-11-5476	10.561		314,167
Total Supplemental Nutrition Assistance Program Cluster				314,167
Total U.S. Department of Agriculture				314,167
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667		22,223
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Social Services Block Grant	G-1617-11-5476	93.667	340,836	427,305
Total Social Services Block Grant			340,836	449,528
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Medicaid Administration Claiming	N/A	93.778		38,573
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Medical Assistance Program	G-1617-11-5476	93.778		956,032
Medical Assistance Program-Child Welfare Related	G-1617-11-5477	93.778		4,815
Total Medical Assistance Program				960,847
Total Medicaid Cluster				999,420
<i>Passed Through Ohio Department of Health:</i>				
Promoting Safe & Stable Families	N/A	93.556		15,663
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Promoting Safe & Stable Families	G-1617-11-5477	93.556		10,849
Total Promoting Safe & Stable Families				26,512
Temporary Assistance for Needy Families	G-1617-11-5476	93.558	320,912	1,112,789
Total TANF Cluster			320,912	1,112,789
Child Care & Development Block Grant	G-1617-11-5476	93.575		49,488
Total CCDF Cluster				49,488
Child Support Enforcement	G-1617-11-5476	93.563		707,310
Stephanie Tubbs Jones Child Welfare Services Program	G-1617-11-5477	93.645		44,694
Foster Care - Maintenance	G-1617-11-5477	93.658		959,882
Adoption Assistance - Administration	G-1617-11-5477	93.659		157,219
Family Centered Services and Supports	N/A	93.645		1,936
Chafee Foster Care Independence Program	G-1617-11-5477	93.674		7,057
Total U.S. Department of Health and Human Services			661,748	4,515,835
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grant	EMW-2014-EP-00064	97.042		671
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency:</i>				
Disaster Grants - Public Assistance	FEMA-4002	97.036		172,444
Total U.S. Department of Homeland Security				173,115

ADAMS COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Development Services Agency:</i>				
Community Development Block Grant - Formula FY15	B-F-15-1AA-1	14.228		102,000
Community Development Block Grant - Formula FY15	B-C-15-1AA-1	14.228		31,049
Total Community Development Block Grant				<u>133,049</u>
Home Investment Partnerships Program	B-C-15-1AA-2	14.239		78,703
Total				<u>78,703</u>
Total U.S. Department of Housing and Urban Development				<u>211,752</u>
<u>U.S. DEPARTMENT OF APPALACHIAN REGIONAL COMMISSION</u>				
<i>Passed Through Ohio Department of Development:</i>				
Appalachian Area Development	N/A	23.002		<u>199,893</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Health:</i>				
Help Me Grow (Part C)	01-1-002-1-HG-0716 and 0817	84.181A		<u>99,880</u>
Total U.S. Department of Education				<u>99,880</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services:</i>				
State and Community Highway Safety	SC-2016-1-00-00-00422-00	20.600		19,444
State and Community Highway Safety	SC-2017-1-00-00-00470-00	20.600		1,815
Selective Traffic Enforcement Program	STEP-2017-1-00-00-00476-00	20.600		2,231
Total Community and Highway Safety				<u>23,490</u>
National Priority Safety Programs	N/A	20.616		1,461
Impaired Driver Enforcement Program	IDEP-2017-1-00-00-00384-00	20.616		3,255
Total National Priority Safety Programs				<u>4,716</u>
Total Highway Safety Cluster				<u>28,206</u>
Total U.S. Department of Transportation				<u>28,206</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	2015-JG-D01-6875	16.738		10,019
Total Edward Byrne Memorial Justice Assist. Grants Cluster				<u>10,019</u>
<i>Passed Through Ohio Attorney General:</i>				
Crime Victim Assistance	2015-VA-GX-0059	16.575		9,476
Total U.S. Department of Justice				<u>19,495</u>
GRAND TOTAL				<u>\$ 661,748</u> <u>\$ 5,562,343</u>

The accompanying notes to this schedule are an integral part of this schedule.

Adams County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2016

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of Adams County (the County's) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 - BASIS OF ACCOUNTING

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 – SUBRECIPIENTS

The County passes certain federal awards received from Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE 4 – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has complied with applicable matching requirements. The expenditure on non-federal matching funds is not included in the schedule.

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Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Adams County, (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 5, 2017 wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We gave an adverse opinion on business type activities and related major enterprise fund because the County's cash basis financial statements do not include amounts related to Adams County Hospital.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. We consider findings 2016-002 and 2016-004 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

September 5, 2017



Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Adams County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Adams County's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Adams County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

September 5, 2017

ADAMS COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Business-Type Activities and Enterprise Fund – Adams County Hospital – Adverse All Others -Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	93.558 TANF 93.778 Medicaid Cluster 10.561 SNAP
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2016-001

Noncompliance

Ohio Rev. Code, Section 117.38, provides, in part, 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 the Ohio Revised Code 117.38.

**FINDING NUMBER 2016-001
(Continued)**

Ohio Admin. Code Section 117-2-03(B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles.

The County did not prepare its annual financial report in accordance with generally accepted accounting principles as follows:

- The County prepared 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 omit 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 administrative remedies may be taken against the County. We recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.

FINDING NUMBER 2016-002

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Governmental Accounting Standards Board Codification (GASB) Section 2100 requires the County to report its County-owned Hospital (Adams County Regional Medical Center) in the annual financial report as a major enterprise fund and as a business type activity in the entity-wide statements.

Management has not included the Adams County Regional Medical Center financial statements in the Adams County annual financial report, and we have therefore modified our opinion. We cannot reasonably determine the amount by which this departure would affect the assets, liabilities, net position, cash receipts and disbursements of the business type activities and the omitted major fund.

We recommend the County include the Adams County Regional Medical Center financial statements in the Adams County annual financial report.

Officials' Response:

Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.

FINDING NUMBER 2016-003

Significant Deficiency

The County did not have a control procedure in place to ensure that final appropriations, as authorized and approved by the County Commissioners, were reconciled to the final budget appropriations posted to the financial statements.

This resulted in incorrect amounts being recorded in the financial statements.

The following variances were noted:

	Children Services Levy	Ambulance & EMS	PA	MVGT	ACBDD	Real Estate Assessment
	020	010	180	165	155	190
Authorized Appropriations	\$3,054,622	\$2,342,844	\$4,795,593	\$4,566,290	\$3,082,801	\$868,183
Appropriations Posted to Financial Statements	2,946,490	1,909,501	4,594,031	3,534,059	2,341,753	847,054
Difference	\$ 108,132	\$ 433,343	\$ 201,562	\$1,032,231	\$ 741,048	\$ 21,129

Adjustments were made to the budgetary statements in order to accurately present budgetary information.

We recommend the County implement procedures to ensure appropriations are accurately presented on the financial statements.

Officials' Response:

A control procedure for more thorough evaluation of the annual financial reports is in process. The IPA Firm, Balestra, has met with us concerning this issue and corrections to the 2016 report were made.

FINDING NUMBER 2016-004

Material Weakness

The County did not have a system in place to identify and monitor the federal award expenditures. The county relies on the departments that manage each award to provide expenditure data and grant agreements to the accounting firm which compiles the information on the schedule. The procedures utilized to prepare the County's Schedule of Federal Awards Expenditures were inadequate and the County's Schedule of Federal Awards Expenditures presented for audit did not accurately list all federal expenditures expended by the County. We identified errors during our review of the schedules completed by the various departments of the County, including the understatement of Child Support Enforcement CFDA 93.563 in the amount of \$621,056. Inaccurate completion of the federal departmental schedules could lead to inaccurate reporting of federal expenditures by the County, and possible loss of federal funding. Adjustments were made to the County's Schedule of Federal Awards Expenditures for the errors noted above.

**FINDING NUMBER 2016-004
(Continued)**

We recommend that the County develop a system to identify federal award expenditures and monitor its agreements for federal program periodically during the year to ensure that all federal funds are being properly reported on the Schedule of Federal Awards Expenditures.

Officials' Response:

Our auditor's office staff will seek training to identify and monitor federal expenditures and agreements, in order to properly report Federal Schedule.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

ADAMS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Admin Code Section 117-2-03(B) requires the county to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	Not Corrected	Reissued as 2016-001
2015-002	County failed to report Revenue received from Airport Fuel Sales	Corrected	

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ADAMS COUNTY

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.	Ongoing	David Gifford
2016-002	Adams County Officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.	Ongoing	David Gifford
2016-003	A control procedure for more thorough evaluation of the annual financial reports is in process. The IPA Firm, Balestra, has met with us concerning this issue and corrections to the 2016 report were made.	Ongoing	David Gifford
2016-004	Our auditor's office staff will seek training to identify and monitor federal expenditures and agreements, in order to properly report Federal Schedule.	Ongoing	David Gifford

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Dave Yost • Auditor of State

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 19, 2017