



Dave Yost • Auditor of State

**GUERNSEY COUNTY
DECEMBER 31, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major General Fund	Unmodified
Major Public Assistance Fund	Unmodified
Major Motor Vehicle and Gasoline Tax Fund	Unmodified
Major Board of Developmental Disabilities Fund	Unmodified
Major Water Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements omit the financial data relating to the County's legally-separate component units. Accounting principles generally accepted in the United States of America require the County's primary-government financial data to include component unit financial data unless the County also issues financial statements that includes the component unit's financial data. The County has not issued complete reporting-entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, net position, and revenue of the aggregate discretely-presented component units would have been presented as \$265,910, \$265,910 and \$723,526, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units*, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely-presented component units of Guernsey County, Ohio, as of December 31, 2017, or the changes in financial position or cash flows thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio, as of December 31, 2017, and the respective changes in cash financial position and the respective budgetary comparison for the General, Public Assistance, Motor Vehicle and Gasoline Tax, and Board of Developmental Disabilities 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 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 basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2018

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Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

The discussion and analysis of Guernsey County's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2017, within the limitations of the County's cash basis accounting. Readers should also review the cash basis financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net cash position of governmental activities increased \$1,747,775.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$34,171,403, an increase of \$1,196,456 from the prior year.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the County's Cash Financial Statements. The County's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

County-Wide Financial Statements

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

The *Statement of Net Position – Cash Basis* presents information on all of the County's cash assets, presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the cash and investments of the County are improving or deteriorating.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

The *Statement of Activities – Cash Basis* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements identify functions of the County that are principally supported by taxes and intergovernmental receipts (governmental activities). The governmental activities of the County include general government, public safety, public works, health, human services, economic development and assistance, other, capital outlay, and debt service disbursements.

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

Governmental Activities – Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, economic development, other, capital outlay, and debt service disbursements. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's water and sewer systems are reported here.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction of the use of monies, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General, Public Assistance, Motor Vehicle and Gasoline Tax and Board of Developmental Disabilities funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund *Statement of Cash Basis Assets and Fund Balance* and *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances* for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Proprietary Funds – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for the Water Fund operations and Sewer Fund operations. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Fund accounts for the claims relating to the County's self-insurance hospitalization program.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs.

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

Government-Wide Financial Analysis

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

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 34,901,506	\$ 33,156,317	\$ 2,377,942	\$ 2,066,397	\$ 37,279,448	\$ 35,222,714
Cash and Cash Equivalents in Segregated Accounts	33,925	40,455	0	0	33,925	40,455
Cash and Cash Equivalents with Fiscal Agents	2,415,643	2,406,527	0	0	2,415,643	2,406,527
<i>Total Assets</i>	<u>37,351,074</u>	<u>35,603,299</u>	<u>2,377,942</u>	<u>2,066,397</u>	<u>39,729,016</u>	<u>37,669,696</u>
Net Position						
Restricted for:						
Capital Outlay	2,680,790	3,100,709	0	0	2,680,790	3,100,709
Debt Service	194,537	113,445	0	0	194,537	113,445
Motor Vehicle and Gasoline Tax	1,713,215	1,098,771	0	0	1,713,215	1,098,771
Public Assistance	592,597	726,748	0	0	592,597	726,748
Children Services	2,715,735	2,483,960	0	0	2,715,735	2,483,960
Developmental Disabilities	13,910,476	14,204,428	0	0	13,910,476	14,204,428
Other Purposes	3,142,050	2,789,692	0	0	3,142,050	2,789,692
Unrestricted	12,401,674	11,085,546	2,377,942	2,066,397	14,779,616	13,151,943
<i>Total Net Position</i>	<u>\$ 37,351,074</u>	<u>\$ 35,603,299</u>	<u>\$ 2,377,942</u>	<u>\$ 2,066,397</u>	<u>\$ 39,729,016</u>	<u>\$ 37,669,696</u>

A portion of the County's governmental activities net position, \$24,949,400, or 67 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net position, \$12,401,674, or 33 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Receipts						
<i>Program Receipts</i>						
Charges for Services	\$ 5,795,558	\$ 5,239,442	\$ 4,208,791	\$ 4,263,157	\$ 10,004,349	\$ 9,502,599
Operating Grants & Contributions	17,005,445	17,324,152	0	0	17,005,445	17,324,152
Capital Grants & Contributions	853,208	2,352,474	0	0	853,208	2,352,474
<i>Total Program Receipts</i>	<u>23,654,211</u>	<u>24,916,068</u>	<u>4,208,791</u>	<u>4,263,157</u>	<u>27,863,002</u>	<u>29,179,225</u>
<i>General Receipts</i>						
Property Taxes	9,787,768	8,534,963	12,926	23,352	9,800,694	8,558,315
Permissive Sales Tax	8,527,966	8,207,110	0	0	8,527,966	8,207,110
Grants and Entitlements	1,719,323	1,458,228	0	0	1,719,323	1,458,228
Investment Earnings	625,045	594,752	0	0	625,045	594,752
Proceeds of OPWC Loans	0	0	0	409,100	0	409,100
Proceeds of OWDA Loans	0	0	4,027	751,090	4,027	751,090
Miscellaneous	467,198	373,029	16,424	16,619	483,622	389,648
<i>Total General Receipts</i>	<u>21,127,300</u>	<u>19,168,082</u>	<u>33,377</u>	<u>1,200,161</u>	<u>21,160,677</u>	<u>20,368,243</u>
<i>Total Receipts</i>	<u>44,781,511</u>	<u>44,084,150</u>	<u>4,242,168</u>	<u>5,463,318</u>	<u>49,023,679</u>	<u>49,547,468</u>
Program Disbursements						
<i>General Government</i>						
Legislative and Executive	6,915,536	6,010,029	0	0	6,915,536	6,010,029
Judicial	3,681,438	3,948,404	0	0	3,681,438	3,948,404
Public Safety	4,394,855	4,108,178	0	0	4,394,855	4,108,178
Public Works	4,452,940	7,125,712	0	0	4,452,940	7,125,712
Health	9,392,146	8,680,266	0	0	9,392,146	8,680,266
Human Services	11,832,258	11,143,237	0	0	11,832,258	11,143,237
Economic Development	399,993	649,300	0	0	399,993	649,300
Other	311,841	270,971	0	0	311,841	270,971
Capital Outlay	1,195,152	489,954	0	0	1,195,152	489,954
<i>Debt Service:</i>						
Principal Retirements	564,425	649,138	0	0	564,425	649,138
Interest and Fiscal Charges	126,212	143,211	0	0	126,212	143,211
Sewer	0	0	901,640	2,133,038	901,640	2,133,038
Water	0	0	2,795,923	2,902,778	2,795,923	2,902,778
<i>Total Program Disbursements</i>	<u>43,266,796</u>	<u>43,218,400</u>	<u>3,697,563</u>	<u>5,035,816</u>	<u>46,964,359</u>	<u>48,254,216</u>
<i>Increase (Decrease) in Net Position</i>	1,514,715	865,750	544,605	427,502	2,059,320	1,293,252
Transfers	233,060	231,980	(233,060)	(231,980)	0	0
Advances	0	226,385	0	(226,385)	0	0
<i>Change in Net Position</i>	1,747,775	1,324,115	311,545	(30,863)	2,059,320	1,293,252
<i>Net Position Beginning of Year</i>	<u>35,603,299</u>	<u>34,279,184</u>	<u>2,066,397</u>	<u>2,097,260</u>	<u>37,669,696</u>	<u>36,376,444</u>
<i>Net Position End of Year</i>	<u>\$ 37,351,074</u>	<u>\$ 35,603,299</u>	<u>\$ 2,377,942</u>	<u>\$ 2,066,397</u>	<u>\$ 39,729,016</u>	<u>\$ 37,669,696</u>

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Business-Type Activities – The Sewer Fund expenditures decreased due to capital improvements at Coventry Estates and Beech Meadows waste water treatment plants during 2016, which were funded with OWDA and OPWC loans.

Governmental Activities - Operating grants were the largest program receipts, accounting for \$17,005,445 or 38 percent of total receipts for governmental activities. Capital grants totaled \$853,208 or 2 percent of total receipts for governmental activities. Capital grants decreased due to the ODOT funding for the County Road 347 bridge project that was received in 2016.

Property tax receipts accounted for \$9,787,768 or 22 percent of total governmental receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$8,527,966 or 19 percent of total receipts. An increase in mineral values is responsible for higher property valuations, causing an increase in property tax receipts. Sales tax receipts increased due to fluctuations in the local economy. The County changed the allocation of sales tax within funds during 2017, causing the fluctuation of sales tax receipts between capital improvement and general purposes.

The County's direct charges to users of governmental services made up \$5,795,558 or 13 percent of total governmental receipts. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits. The large increase during 2017 is due to an increase in real estate assessment fees.

Human services programs accounted for \$11,832,258 or 27 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health, which accounted for \$9,392,146 or 22 percent of total disbursements, public works, which accounted for \$4,452,940 or 10 percent of total disbursements, and general government – legislative and executive, which accounted for \$6,915,536 or 16 percent of total disbursements. The large increase in general government - legislative and executive was caused by an increase in salaries and associated benefits, real estate assessment fees and the purchase of equipment for the Recorder's office.

Capital outlay expense increased due to the purchase of several cruisers for the Sheriff's department as well as courthouse renovations that began in 2017. Public works expense decreased due to the completion of the ODOT County Road 347 bridge project during 2016.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2017 compared to 2016. The statement of activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, unrestricted intergovernmental receipts, and unrestricted interest receipts.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Table 3
Total and Net Cost of Program Services

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General Government				
Legislative and Executive	\$ 6,915,536	\$ 6,010,029	\$ 4,131,041	\$ 3,636,035
Judicial	3,681,438	3,948,404	2,529,768	2,687,359
Public Safety	4,394,855	4,108,178	3,165,806	2,842,750
Public Works	4,452,940	7,125,712	(555,531)	113,298
Health	9,392,146	8,680,266	6,235,198	5,207,782
Human Services	11,832,258	11,143,237	2,037,326	2,223,009
Economic Development	399,993	649,300	(62,261)	103,243
Other	311,841	270,971	311,841	270,971
Capital Outlay	1,195,152	489,954	1,128,760	425,536
Debt Service:				
Principal Retirements	564,425	649,138	564,425	649,138
Interest and Fiscal Charges	126,212	143,211	126,212	143,211
<i>Total Disbursements</i>	<u>\$ 43,266,796</u>	<u>\$ 43,218,400</u>	<u>\$ 19,612,585</u>	<u>\$ 18,302,332</u>

Charges for services, operating grants and contributions and capital grants and contributions of \$23,654,211 or 55 percent of the total costs of services are received and used to fund the disbursements of the County. The remaining \$19,612,585 in disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest and miscellaneous receipts.

Business-Type Activities – As of December 31, 2017, business-type funds of the County reported net position of \$2,377,942. This is a \$311,545 increase over 2016.

Financial Analysis of County Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2017, the County's governmental funds reported a combined ending fund balance of \$34,171,403, an increase of \$1,196,456 in comparison with the prior year.

The General Fund is the primary operating fund of the County. The fund balance of the County's General Fund increased \$772,291 during 2017. This increase was primarily caused by increases in property and sales tax receipts, as previously discussed.

The Public Assistance Fund had a fund balance of \$592,597, which is a \$134,151 decrease from 2016.

During 2017 the Motor Vehicle and Gasoline Tax Fund had an increase in fund balance of \$614,444 primarily due to timing of revenues as compared to project costs.

The Board of Developmental Disabilities Fund had a fund balance of \$13,910,476, which is a \$293,952 decrease from 2016, or only 2 percent.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

General Fund Budgetary Highlights

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

For the General Fund, changes from the original budget to the final budget were minimal. The actual budget basis receipts were \$14,110,849, representing an increase of \$961,175 compared to the final budget estimate of \$13,149,674. This increase is primarily due to a conservative underestimation of tax receipts.

Final disbursement appropriations of \$14,026,132 were \$677,823 higher than the actual disbursements of \$13,348,309, as cost savings were recognized mainly for general government throughout the year.

Estimated transfers to other funds were significantly higher than actual transfers as less support was needed from the General Fund.

Debt

At December 31, 2017, Guernsey County had the following debt outstanding:

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Special Assessment Bonds	\$ 175,882	\$ 203,676	\$ 0	\$ 0	\$ 175,882	\$ 203,676
General Obligation Bonds	4,437,926	4,971,894	2,493,784	2,602,578	6,931,710	7,574,472
OPWC Loans	27,960	30,623	912,498	962,498	940,458	993,121
OWDA Loans	0	0	2,560,483	2,677,213	2,560,483	2,677,213
USDA Loan	0	0	3,451,000	3,501,000	3,451,000	3,501,000
<i>Total</i>	<u>\$ 4,641,768</u>	<u>\$ 5,206,193</u>	<u>\$ 9,417,765</u>	<u>\$ 9,743,289</u>	<u>\$ 14,059,533</u>	<u>\$ 14,949,482</u>

For further information regarding the County's debt, refer to Note 10 to the basic financial statements.

Economic Factors

The unemployment rate for Guernsey County averaged 6.5 percent in December 2017. This rate is higher than the State of Ohio rate of 4.5 percent in December 2017.

The County's \$914,766,540 overall assessed valuation has increased \$61,436,380 from the prior year. Eighty five percent of the increase occurred due to an uptick in mineral values. The table below compares 2016 values to 2017 values.

	2016	2017	Change
Real Property	\$ 718,591,060	\$ 770,693,150	\$ 52,102,090
Public Utility Real Property	309,630	340,770	31,140
Public Utility Personal Property	134,429,470	143,732,620	9,303,150
Total Assessed Value	<u>\$ 853,330,160</u>	<u>\$ 914,766,540</u>	<u>\$ 61,436,380</u>

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tony Brown, Guernsey County Auditor, 627 Wheeling Avenue, Cambridge, Ohio 43725.

Guernsey County, Ohio
Statement of Net Position - Cash Basis
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 34,901,506	\$ 2,377,942	\$ 37,279,448
Cash and Cash Equivalents in Segregated Accounts	33,925	0	33,925
Cash and Cash Equivalents with Fiscal Agents	2,415,643	0	2,415,643
<i>Total Assets</i>	<u>\$ 37,351,074</u>	<u>\$ 2,377,942</u>	<u>\$ 39,729,016</u>
Net Position			
Restricted for:			
Capital Outlay	\$ 2,680,790	\$ 0	\$ 2,680,790
Debt Service	194,537	0	194,537
Motor Vehicle and Gasoline Tax	1,713,215	0	1,713,215
Public Assistance	592,597	0	592,597
Children Services	2,715,735	0	2,715,735
Developmental Disabilities	13,910,476	0	13,910,476
Other Purposes	3,142,050	0	3,142,050
Unrestricted	12,401,674	2,377,942	14,779,616
<i>Total Net Position</i>	<u>\$ 37,351,074</u>	<u>\$ 2,377,942</u>	<u>\$ 39,729,016</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Receipts			Net (Expense) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government							
Legislative and Executive	\$ 6,915,536	\$ 2,753,958	\$ 30,537	\$ 0	\$ (4,131,041)	\$ 0	\$ (4,131,041)
Judicial	3,681,438	1,004,406	147,264	0	(2,529,768)	0	(2,529,768)
Public Safety	4,394,855	463,709	765,340	0	(3,165,806)	0	(3,165,806)
Public Works	4,452,940	140,948	4,204,771	662,752	555,531	0	555,531
Health	9,392,146	1,098,077	1,869,569	189,302	(6,235,198)	0	(6,235,198)
Human Services	11,832,258	267,022	9,527,910	0	(2,037,326)	0	(2,037,326)
Economic Development	399,993	2,200	460,054	0	62,261	0	62,261
Other	311,841	0	0	0	(311,841)	0	(311,841)
Capital Outlay	1,195,152	65,238	0	1,154	(1,128,760)	0	(1,128,760)
Debt Service:							
Principal Retirements	564,425	0	0	0	(564,425)	0	(564,425)
Interest and Fiscal Charges	126,212	0	0	0	(126,212)	0	(126,212)
<i>Total Governmental Activities</i>	<u>43,266,796</u>	<u>5,795,558</u>	<u>17,005,445</u>	<u>853,208</u>	<u>(19,612,585)</u>	<u>0</u>	<u>(19,612,585)</u>
Business-Type Activities							
Sewer	901,640	977,163	0	0	0	75,523	75,523
Water	2,795,923	3,231,628	0	0	0	435,705	435,705
<i>Total Business-Type Activities</i>	<u>3,697,563</u>	<u>4,208,791</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>511,228</u>	<u>511,228</u>
<i>Total Primary Government</i>	<u>\$ 46,964,359</u>	<u>\$ 10,004,349</u>	<u>\$ 17,005,445</u>	<u>\$ 853,208</u>	<u>(19,612,585)</u>	<u>511,228</u>	<u>(19,101,357)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					2,230,606	0	2,230,606
Health Levy					825,372	0	825,372
County Home					746,107	0	746,107
Children Services					1,511,534	0	1,511,534
Development Disabilities					3,201,138	0	3,201,138
Senior Citizens Levy					1,273,011	0	1,273,011
Water Services					0	12,926	12,926
Sales Taxes Levied for:							
General Purposes					7,630,366	0	7,630,366
Debt Service					417,600	0	417,600
Capital Improvement					480,000	0	480,000
Grants and Entitlements not Restricted to Specific Programs					1,719,323	0	1,719,323
Investment Earnings					625,045	0	625,045
Proceeds of OWDA Loans					0	4,027	4,027
Miscellaneous					467,198	16,424	483,622
<i>Total General Revenues</i>					<u>21,127,300</u>	<u>33,377</u>	<u>21,160,677</u>
Transfers					233,060	(233,060)	0
<i>Change in Net Position</i>					1,747,775	311,545	2,059,320
<i>Net Position Beginning of Year</i>					<u>35,603,299</u>	<u>2,066,397</u>	<u>37,669,696</u>
<i>Net Position End of Year</i>					<u>\$ 37,351,074</u>	<u>\$ 2,377,942</u>	<u>\$ 39,729,016</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balance
Governmental Funds
December 31, 2017

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 9,288,332	\$ 592,597	\$ 1,713,215	\$ 11,494,833	\$ 8,632,858	\$ 31,721,835
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	33,925	33,925
Cash and Cash Equivalents with Fiscal Agents	0	0	0	2,415,643	0	2,415,643
<i>Total Assets</i>	<u>\$ 9,288,332</u>	<u>\$ 592,597</u>	<u>\$ 1,713,215</u>	<u>\$ 13,910,476</u>	<u>\$ 8,666,783</u>	<u>\$ 34,171,403</u>
Fund Balances						
Nonspendable	\$ 77,895	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,895
Restricted	0	592,597	1,713,215	13,910,476	8,655,217	24,871,505
Committed	95,000	0	0	0	11,566	106,566
Assigned	202,197	0	0	0	0	202,197
Unassigned	8,913,240	0	0	0	0	8,913,240
<i>Total Fund Balances</i>	<u>\$ 9,288,332</u>	<u>\$ 592,597</u>	<u>\$ 1,713,215</u>	<u>\$ 13,910,476</u>	<u>\$ 8,666,783</u>	<u>\$ 34,171,403</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position - Cash Assets of Governmental Activities
December 31, 2017*

Total Governmental Fund Balances \$ 34,171,403

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

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and net position of the internal service fund are included in governmental activities in the statement of net position.

3,179,671

Net Position of Governmental Activities

\$ 37,351,074

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$ 2,230,606	\$ 0	\$ 0	\$ 3,201,138	\$ 4,356,024	\$ 9,787,768
Sales Taxes	7,630,366	0	0	0	897,600	8,527,966
Special Assessments	0	0	0	0	36,874	36,874
Charges for Services	2,308,069	0	0	435,943	2,320,062	5,064,074
Licenses and Permits	9,259	0	24,460	0	120,893	154,612
Fines and Forfeitures	84,263	0	88,195	0	157,578	330,036
Intergovernmental	1,753,079	5,908,544	4,204,122	1,922,329	5,719,576	19,507,650
Interest	615,929	0	649	9,116	2,299	627,993
Rent	165,618	0	0	518	80,700	246,836
Contributions and Donations	0	0	0	0	30,503	30,503
Other	154,464	734	27,222	59,256	213,025	454,701
<i>Total Receipts</i>	<u>14,951,653</u>	<u>5,909,278</u>	<u>4,344,648</u>	<u>5,628,300</u>	<u>13,935,134</u>	<u>44,769,013</u>
Disbursements						
Current:						
General Government						
Legislative and Executive	5,841,602	0	0	0	1,251,798	7,093,400
Judicial	3,107,309	0	0	0	582,614	3,689,923
Public Safety	3,629,743	0	0	0	866,394	4,496,137
Public Works	156,039	0	3,767,502	0	630,420	4,553,961
Health	79,191	0	0	5,980,252	3,359,563	9,419,006
Human Services	414,287	6,123,129	0	0	5,430,649	11,968,065
Economic Development and Assistance	0	0	0	0	399,993	399,993
Other	311,841	0	0	0	0	311,841
Capital Outlay	64,822	0	0	0	1,130,330	1,195,152
Debt Service:						
Principal Retirement	0	0	2,663	0	561,762	564,425
Interest and Fiscal Charges	0	0	0	0	126,212	126,212
<i>Total Disbursements</i>	<u>13,604,834</u>	<u>6,123,129</u>	<u>3,770,165</u>	<u>5,980,252</u>	<u>14,339,735</u>	<u>43,818,115</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,346,819</u>	<u>(213,851)</u>	<u>574,483</u>	<u>(351,952)</u>	<u>(404,601)</u>	<u>950,898</u>
Other Financing Sources (Uses)						
Insurance Recoveries	0	0	0	0	12,498	12,498
Transfers In	5,000	79,700	39,961	58,000	634,927	817,588
Transfers Out	(579,528)	0	0	0	(5,000)	(584,528)
Advances In	14,883	0	0	0	32,927	47,810
Advances Out	(14,883)	0	0	0	(32,927)	(47,810)
<i>Total Other Financing Sources (Uses)</i>	<u>(574,528)</u>	<u>79,700</u>	<u>39,961</u>	<u>58,000</u>	<u>642,425</u>	<u>245,558</u>
<i>Net Change in Fund Balance</i>	772,291	(134,151)	614,444	(293,952)	237,824	1,196,456
<i>Fund Balance Beginning of Year</i>	<u>8,516,041</u>	<u>726,748</u>	<u>1,098,771</u>	<u>14,204,428</u>	<u>8,428,959</u>	<u>32,974,947</u>
<i>Fund Balance End of Year</i>	<u>\$ 9,288,332</u>	<u>\$ 592,597</u>	<u>\$ 1,713,215</u>	<u>\$ 13,910,476</u>	<u>\$ 8,666,783</u>	<u>\$ 34,171,403</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2017*

Net Change in Fund Balances - Total Governmental Funds \$ 1,196,456

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

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

Governmental disbursements and related internal service fund receipts are eliminated. The net revenue receipts (disbursements) of the internal service fund is allocated among the governmental activities.

551,319

Change in Net Position of Governmental Activities

\$ 1,747,775

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 1,979,541	\$ 1,979,541	\$ 2,153,568	\$ 174,027
Sales Taxes	7,251,450	7,251,450	7,630,366	378,916
Charges for Services	1,618,911	1,618,911	1,924,964	306,053
Licenses and Permits	7,500	7,500	9,259	1,759
Fines and Forfeitures	67,900	67,900	84,263	16,363
Intergovernmental	1,404,929	1,404,929	1,477,846	72,917
Interest	560,000	560,000	615,929	55,929
Rent	162,500	162,500	165,618	3,118
Other	96,943	96,943	49,036	(47,907)
<i>Total Receipts</i>	<u>13,149,674</u>	<u>13,149,674</u>	<u>14,110,849</u>	<u>961,175</u>
Disbursements				
Current:				
General Government				
Legislative and Executive	6,435,336	6,468,738	5,745,666	723,072
Judicial	2,768,032	2,869,819	2,861,220	8,599
Public Safety	3,626,066	3,630,879	3,698,988	(68,109)
Public Works	148,090	148,090	156,039	(7,949)
Health	85,637	85,637	85,495	142
Human Services	471,438	471,438	423,738	47,700
Other	286,807	283,376	311,841	(28,465)
Capital Outlay	42,655	68,155	65,322	2,833
<i>Total Disbursements</i>	<u>13,864,061</u>	<u>14,026,132</u>	<u>13,348,309</u>	<u>677,823</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(714,387)</u>	<u>(876,458)</u>	<u>762,540</u>	<u>1,638,998</u>
Other Financing Sources (Uses)				
Advances In	0	0	14,883	14,883
Transfers In	73,640	73,640	50,769	(22,871)
Advances Out	0	0	(14,883)	(14,883)
Transfers Out	(1,136,920)	(959,966)	(541,528)	418,438
<i>Total Other Financing Sources (Uses)</i>	<u>(1,063,280)</u>	<u>(886,326)</u>	<u>(490,759)</u>	<u>395,567</u>
<i>Net Change in Fund Balance</i>	(1,777,667)	(1,762,784)	271,781	2,034,565
<i>Fund Balance Beginning of Year</i>	7,336,974	7,336,974	7,336,974	0
Prior Year Encumbrances Appropriated	143,911	143,911	143,911	0
<i>Fund Balance End of Year</i>	<u>\$ 5,703,218</u>	<u>\$ 5,718,101</u>	<u>\$ 7,752,666</u>	<u>\$ 2,034,565</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 6,026,100	\$ 5,895,219	\$ 5,908,544	\$ 13,325
Other	2,500	2,500	734	(1,766)
<i>Total Receipts</i>	<u>6,028,600</u>	<u>5,897,719</u>	<u>5,909,278</u>	<u>11,559</u>
Disbursements				
Current:				
Human Services	5,399,646	6,446,615	6,367,336	79,279
Capital Outlay	5,000	4,500	0	4,500
<i>Total Disbursements</i>	<u>5,404,646</u>	<u>6,451,115</u>	<u>6,367,336</u>	<u>83,779</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>623,954</u>	<u>(553,396)</u>	<u>(458,058)</u>	<u>95,338</u>
Other Financing Sources (Uses)				
Transfers In	85,000	79,700	79,700	0
<i>Net Change in Fund Balance</i>	708,954	(473,696)	(378,358)	95,338
<i>Fund Balance Beginning of Year</i>	473,695	473,695	473,695	0
Prior Year Encumbrances Appropriated	253,051	253,051	253,051	0
<i>Fund Balance End of Year</i>	<u>\$ 1,435,700</u>	<u>\$ 253,050</u>	<u>\$ 348,388</u>	<u>\$ 95,338</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Receipts				
Licenses and Permits	\$ 0	\$ 0	\$ 24,460	\$ 24,460
Fines and Forfeitures	80,000	80,000	88,195	8,195
Intergovernmental	4,044,475	4,044,475	4,204,122	159,647
Interest	252	252	649	397
Other	75,000	75,000	27,222	(47,778)
<i>Total Receipts</i>	<u>4,199,727</u>	<u>4,199,727</u>	<u>4,344,648</u>	<u>144,921</u>
Disbursements				
Current:				
Public Works	4,446,025	4,446,025	3,854,471	591,554
Debt Service:				
Principal Retirement	2,663	2,663	2,663	0
<i>Total Disbursements</i>	<u>4,448,688</u>	<u>4,448,688</u>	<u>3,857,134</u>	<u>591,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(248,961)</u>	<u>(248,961)</u>	<u>487,514</u>	<u>736,475</u>
Other Financing Sources (Uses)				
Transfers In	29,500	29,500	39,961	10,461
<i>Net Change in Fund Balance</i>	(219,461)	(219,461)	527,475	746,936
<i>Fund Balance Beginning of Year</i>	1,012,427	1,012,427	1,012,427	0
Prior Year Encumbrances Appropriated	86,344	86,344	86,344	0
<i>Fund Balance End of Year</i>	<u>\$ 879,310</u>	<u>\$ 879,310</u>	<u>\$ 1,626,246</u>	<u>\$ 746,936</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 2,828,638	\$ 2,828,638	\$ 3,137,474	\$ 308,836
Charges for Services	45,000	38,000	435,943	397,943
Intergovernmental	1,818,674	1,744,830	1,922,329	177,499
Interest	0	0	9,116	9,116
Rent	0	0	518	518
Other	252,500	252,500	59,256	(193,244)
<i>Total Receipts</i>	<u>4,944,812</u>	<u>4,863,968</u>	<u>5,564,636</u>	<u>700,668</u>
Disbursements				
Current:				
Health	8,769,295	9,115,450	6,284,142	2,831,308
Other Financing Sources (Uses)				
Transfers In	0	0	58,000	58,000
<i>Net Change in Fund Balance</i>	(3,824,483)	(4,251,482)	(661,506)	3,589,976
<i>Fund Balance Beginning of Year</i>	13,743,981	13,743,981	13,743,981	0
Prior Year Encumbrances Appropriated	228,104	228,104	228,104	0
<i>Fund Balance End of Year</i>	<u>\$ 10,147,602</u>	<u>\$ 9,720,603</u>	<u>\$ 13,310,579</u>	<u>\$ 3,589,976</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2017

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Nonmajor Enterprise Fund	Total	
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 904,512</u>	<u>\$ 1,473,430</u>	<u>\$ 2,377,942</u>	<u>\$ 3,179,671</u>
Net Position				
Unrestricted	<u>\$ 904,512</u>	<u>\$ 1,473,430</u>	<u>\$ 2,377,942</u>	<u>\$ 3,179,671</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2017

	Enterprise Funds		Governmental Activities - Internal Service Fund
	Water	Nonmajor Enterprise Fund	
Operating Receipts			
Charges for Services	\$ 3,196,978	\$ 975,163	\$ 4,172,141
Tap-In Fees	34,650	2,000	36,650
Other	16,424	0	16,424
<i>Total Operating Receipts</i>	<u>3,248,052</u>	<u>977,163</u>	<u>4,225,215</u>
Operating Disbursements			
Personal Services	534,683	232,240	766,923
Contractual Services	1,844,384	267,740	2,112,124
Materials and Supplies	140,400	24,507	164,907
Claims	0	0	0
Capital Outlay	6,850	27,358	34,208
Other	10,282	1,005	11,287
<i>Total Operating Disbursements</i>	<u>2,536,599</u>	<u>552,850</u>	<u>3,089,449</u>
<i>Operating Income (Loss)</i>	<u>711,453</u>	<u>424,313</u>	<u>1,135,766</u>
Non-Operating Receipts (Disbursements)			
Property Taxes	12,926	0	12,926
Proceeds of OWDA Loans	0	4,027	4,027
Principal Retirement	(130,218)	(199,333)	(329,551)
Interest and Fiscal Charges	(129,106)	(149,457)	(278,563)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(246,398)</u>	<u>(344,763)</u>	<u>(591,161)</u>
<i>Income Before Transfers</i>	465,055	79,550	544,605
Transfers Out	(233,060)	0	(233,060)
<i>Change in Net Position</i>	231,995	79,550	311,545
<i>Net Position Beginning of Year</i>	<u>672,517</u>	<u>1,393,880</u>	<u>2,066,397</u>
<i>Net Position End of Year</i>	<u>\$ 904,512</u>	<u>\$ 1,473,430</u>	<u>\$ 2,377,942</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2017

	Private Purpose Trust	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 4,305,637
Cash and Cash Equivalents in Segregated Accounts	73,733	258,841
<i>Total Assets</i>	\$ 73,733	\$ 4,564,478
Net Position		
Held in Trust for Children's Services	\$ 73,733	\$ 0
Unrestricted	0	4,564,478
<i>Total Net Position</i>	\$ 73,733	\$ 4,564,478

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Private Purpose Trust Fund
For the Year Ended December 31, 2017

	Private Purpose Trust
Additions	
Contributions and Donations	\$ 714
Interest	1,025
<i>Total Additions</i>	1,739
Deductions	
Payments in Accordance with Trust Agreements	11,596
<i>Change in Net Position</i>	(9,857)
<i>Net Position Beginning of Year</i>	83,590
<i>Net Position End of Year</i>	\$ 73,733

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

Guernsey County (the “County”) is a body politic and corporate established in 1810 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is comprised of nineteen townships, one city, and ten villages. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County’s operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge) and Probate Court Judge (also serves as the Juvenile Court Judge). Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The County utilizes the standards of Government Accounting Standards Board (GASB) Statement 14 for determining the reporting entity, as well as GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement 14 and GASB Statement 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Guernsey County, this includes the Department of Developmental Disabilities, Children Services Board, Soldiers’ Relief Commission, Local Emergency Planning Committee (LEPC), Water and Sanitary Sewer Districts, and all departments and activities that are directly operated by the elected officials.

B. Component Units

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 may also include organizations that are fiscally dependent on the County in that the County approves the budget, the levying of taxes, the issuance of debt, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

The County's financial statements omit the Guernsey County Port Authority, a component unit of the County. In 2017, the Guernsey County Land Reutilization Corporation (“Land Bank”) was developed. The Land Bank qualifies as a discretely presented component unit, however has not been presented in the financial statements or note disclosures as it is considered immaterial.

The following potential component units have been excluded from the County’s financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

- Guernsey County District Public Library
- Ohio Valley Educational Service Center
- Guernsey Health Systems (Guernsey Health Foundation)
- Pritchard-Laughlin Convention Center

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activities of the following districts and agencies are presented as agency funds within the County's financial statements:

Guernsey County General Health District is governed by the Board of Health. The Board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District. The County cannot significantly influence the Health District's operations, nor is it obligated for the Health District's debt.

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

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The County participates in several jointly governed organizations, related organizations and public entity risk pools. These organizations are presented in Notes 14, 15 and 16 to the basic financial statements. These organizations are:

- Southeastern Ohio Joint Solid Waste Management District
- Guernsey-Monroe-Noble Community Action Corporation (GMN)
- Southeast Ohio Juvenile Rehabilitation District (SEOJRD)
- Guernsey County Family Service Council
- Mental Health and Recovery Services Board
- South Eastern Narcotics Team (SENT)
- Mid-East Ohio Regional Council of Governments (MEORC)
- Ohio Mid-Eastern Governments Association (OMEGA)
- Cambridge-Guernsey County Visitors and Convention Bureau
- Area Office on Aging
- Eastern Ohio Correctional Center (EOCC)
- South East Area Transit (SEAT)
- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Park District
- Guernsey County Airport Authority
- County Risk Sharing Authority, Inc. (CORSA)
- County Commissioners Association of Ohio Service Corporation (CCAOSC)

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies

As discussed further under Basis of Accounting, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

Fund Financial Statements

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

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

Public Assistance – The Public Assistance fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Motor Vehicle and Gasoline Tax (MVGT) – The Motor Vehicle and Gasoline Tax Fund accounts for receipts derived from motor vehicle licenses, gasoline taxes, grants and interest. Disbursements in this fund are restricted by state law to County road and bridge repair/improvements programs.

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

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

Proprietary Funds

The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds – Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's major enterprise fund:

Water Fund – The Water fund accounts for water services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Internal Service Fund – The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County’s internal service fund accounts for monies received for the activities of the self-insurance program for employee health benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County’s own programs. The County’s only trust fund is a private-purpose trust fund that accounts for monies received in trust for children’s services. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The County’s financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources 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.

D. Budgetary Process

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

E. Cash and Investments

To improve cash management, cash received by the County, except cash held by a fiscal agent, is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

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

The County utilized a jointly governed organization (MEORC) to service developmentally disabled residents within the County. The balance in this account is presented as “Cash and Cash Equivalents with Fiscal Agents.”

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2017, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to state statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 were \$615,929, which includes \$417,862 assigned from other County funds.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Pensions

For purposes of measuring the net pension asset/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.

K. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

L. Long-Term Obligations

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include the senior citizens services, court programs, various health services, 911 system and economic development.

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

N. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove 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. County Commissioners have by resolution authorized the County Auditor to assign fund balance. County Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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.

O. Implementation of New Accounting Principles

For the year ended December 31, 2017, the County has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the County.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the County.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the County's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – Budget and Actual (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis).
2. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (cash basis) in the appropriate County fund.
3. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

	General	Public Assistance	Motor Vehicle & Gasoline Tax	Board of Developmental Disabilities
Cash Basis	\$ 772,291	\$ (134,151)	\$ 614,444	\$ (293,952)
Beginning of Year:				
Agency Fund Cash Allocation	100,566	0	0	232,343
End of Year:				
Agency Fund Cash Allocation	(177,604)	0	0	(296,007)
Funds Budgeted Elsewhere *	(224,925)	0	0	0
Adjustment for Encumbrances	(198,547)	(244,207)	(86,969)	(303,890)
Budget Basis	<u>\$ 271,781</u>	<u>\$ (378,358)</u>	<u>\$ 527,475</u>	<u>\$ (661,506)</u>

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis statements. This includes Certificate of Title Administration, Records Equipment, Unclaimed Money, Board of Developmental Disabilities Risk, Employee Payout Reserve and Public Defender Indigent Fee.

Note 4 – Deposits and Investments

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Up to forty percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not need exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. Banker's acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual fund rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rated commercial paper; and,
12. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in the United States.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

At year end, the County had \$11,065 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the County’s deposits was \$6,383,088 and the bank balance was \$7,527,851. Of the bank balance \$1,141,738 was covered by Federal depository insurance and \$6,386,113 was exposed to custodial credit risk as described below. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

At December 31, 2017, the County’s Board of Development Disabilities special revenue fund had a cash balance of \$2,415,643 with MEORC, a jointly governed organization (See Note 14). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain information, write to Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Investments

At December 31, 2017, the County had the following investments.

	Cost	Maturities			% of Total Investment	S&P Global Rating
		Less than 1 Year	1 to 3 Years	More Than 3 Years		
Guernsey County General						
Obligation Bonds	\$ 581,359	\$ 0	\$ 0	\$ 581,359	1.6%	N/A
STAR Ohio	63,986	63,986	0	0	0.2%	AAAm
LPL Financial Money Market	21,029	21,029	0	0	0.1%	N/A
Negotiable Certificates of Deposit	899,000	899,000	0	0	2.5%	N/A
Corporate Bonds	500,000	0	500,000	0	1.4%	AA+
Federal Home Loan Mortgage Notes	6,150,000	0	5,150,000	1,000,000	17.3%	AA+
Federal Home Loan Bank Bonds	16,112,057	185,986	11,081,071	4,845,000	45.3%	AA+
Federal Farm Credit Bank Bonds	11,230,000	3,000,000	7,050,000	1,180,000	31.6%	AA+
Total Investments	\$ 35,557,431	\$ 4,170,001	\$ 23,781,071	\$ 7,606,359	100.0%	

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The County has no investment policy that addresses credit risk beyond the requirements of State statute. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2017, is 52 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Farm Credit Bank Bonds, Federal Home Loan Mortgage Notes and Federal Home Loan Bank Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by counterparty's trust department or agent but not in the County's name. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Note 5 – Permissive Sales and Use Tax

On February 27, 1989, the County Commissioners adopted a resolution which imposed a one quarter of one percent Permissive Sales Tax (Piggy Back Tax). The sales tax came into effect on April 1, 1992, and expired on April 1, 1993. This sales tax was renewed for two consecutive one-year terms and expired on April 1, 1995. On August 1, 1993, the County Commissioners adopted a resolution which imposed an additional one-quarter of one percent Permissive Sales Tax bringing the total Permissive Sales Tax to one-half of one percent. On February 22, 1995, the County Commissioners adopted a resolution to combine the two one-quarter of one percent Permissive Sales Taxes to a one-half of one percent tax. On January 19, 2005, the County Commissioners passed a resolution making the sales tax permanent. The revenues generated from the sales tax are used for the purpose of providing additional revenue for the County's General Fund, Bond Retirement Fund and County Facilities Construction and Improvement Fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the Office of Budget and Management, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

Note 6 – Property Taxes

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

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

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

The full tax rate for all County operations for the year ended December 31, 2017, was \$16.60 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$ 770,693,150
Public Utility Real Property	340,770
Public Utility Personal Property	<u>143,732,620</u>
Total Assessed Value	<u>\$ 914,766,540</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the County its portion of the taxes collected.

Note 7 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to sixty members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each loss. Each of these areas contains a \$2,500 member deductible amount. Property damage is covered for \$96,897,683, equipment breakdown coverage is covered for \$100,000,000 and crime insurance is covered for \$1,000,000 for each occurrence.

In addition, the County maintains replacement cost insurance through CORSA on other property including the following: \$1,000,000 for valuable papers and extra expenses, \$250,000 for unintentional omissions, \$100,000,000 for flood and earthquake damage, and \$1,000,000 for debris removal.

Contractor's equipment, miscellaneous inland marine, and auto physical damage are insured for their actual cash value under CORSA.

Guernsey County, Ohio
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The amounts of settlements have not exceeded commercial coverage in any of the past three years. Also, the limits have not been lowered significantly in the past year.

With the exception of workers' compensation, health, dental, vision, and life insurances, all other insurance is held with CORSA. The County pays all elected officials bonds by statute. The County contracts with HealthSCOPE to provide employees with medical, dental, and prescription insurance through a self-insurance program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss on this program.

During 2011, the County began participating in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan, (the Plan). The alternative rating program requires the County to pay only administrative charges to the Bureau, and in turn the County assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The County will be charged an actuarial amount for the claims transferred to the Bureau. The County's stop-loss coverage through the plan is limited to \$100,000 per claim with a stop-loss annual coverage aggregate of 150 percent of the experience premium if the County would not have participated in the Plan.

Note 8 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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
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 who retired 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 (CPI), capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.00 %	18.10 %	18.10 %
Employee	10.00 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.00 %	17.10 %	17.10 %
Post-employment Health Care Benefits	1.00 %	1.00 %	1.00 %
Total Employer	<u>14.00 %</u>	<u>18.10 %</u>	<u>18.10 %</u>
Employee	<u>10.00 %</u>	<u>12.00 %</u>	<u>13.00 %</u>

* 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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$2,053,716 for 2017.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$6,555 for fiscal year 2017.

Net Pension Liability

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

	OPERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$ 27,324,248	\$ 111,305	\$ 27,435,553
Proportion of the Net Pension Liability:			
Current Measurement Period	0.12032714%	0.00046855%	
Prior Measurement Period	0.11804800%	0.00043189%	
Change in Proportionate Share	0.00227914%	0.00003666%	

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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board’s actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.50 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
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During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 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 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	<u>18.00</u>	<u>4.92</u>
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.50 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

Guernsey County, Ohio
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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability:	\$ 41,743,893	\$ 27,324,248	\$ 15,308,019

Actuarial Assumptions - STRS

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

Inflation	2.75 percent
Projected Salary Increase	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year, for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.
Inflation	2.50 percent
Projected Salary Increase	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.5 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$ 159,552	\$ 111,305	\$ 70,664

Guernsey County, Ohio
Notes to the Cash Financial Statements
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Note 9 - Post-Employment Benefits

Ohio Public Employees Retirement System

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

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

In order to qualify for health care coverage, age-and-service retirees under the traditional and combined plans must have 20 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 No. 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4 percent.

Guernsey County, Ohio
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For the Year Ended December 31, 2017

Substantially all of the County's contributions allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 were \$153,678, \$303,621, and \$290,447 respectively. The full amount has been contributed for all three years.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the County did not contribute to health care in the last three fiscal years.

Note 10 - Debt

The County's debt activity for the year ended December 31, 2017 was as follows:

	Outstanding 1/1/2017	Additions	Reductions	Outstanding 12/31/2017	Amounts Due Within One Year
Governmental Activities:					
<i>Special Assessment Bonds:</i>					
Stop Nine Sanitary Sewer-1993, \$559,200, 5%	\$ 39,100	\$ 0	\$ (1,500)	\$ 37,600	\$ 1,600
Eastmoor Sanitary Sewer-1998, \$186,000, 4.5%	26,800	0	(13,100)	13,700	13,700
Wolf's Den Road Waterline-2000, \$63,880, 6%	12,776	0	(3,194)	9,582	3,194
State Route 313 Sewer-2006, \$200,000, 4.20-5.25%	<u>125,000</u>	<u>0</u>	<u>(10,000)</u>	<u>115,000</u>	<u>10,000</u>
<i>Total Special Assessment Bonds</i>	<u>203,676</u>	<u>0</u>	<u>(27,794)</u>	<u>175,882</u>	<u>28,494</u>
<i>General Obligation Bonds:</i>					
Various Purpose Refunding and Improvement Serial Bonds-2012, 2.20%, \$5,670,000	4,320,000	0	(435,000)	3,885,000	440,000
Ohio State University Extension Building Series 2007, \$200,000, 5.75%	136,829	0	(9,220)	127,609	9,758
Building Improvement Bonds-2014, \$185,000, 3.50%	172,964	0	(7,040)	165,924	7,288
Multi-Agency Radio Communication Bonds Series 2015, \$173,000, 2.20%	139,889	0	(33,839)	106,050	34,584
Roof Replacement Bonds-Series 2015, \$250,000, 2.25%	202,212	0	(48,869)	153,343	49,975
<i>Total General Obligation Bonds</i>	<u>4,971,894</u>	<u>0</u>	<u>(533,968)</u>	<u>4,437,926</u>	<u>541,605</u>
<i>OPWC Loan:</i>					
OPWC Loan-2007, \$53,257, 0%	30,623	0	(2,663)	27,960	2,663
<i>Total Governmental Activities</i>	<u>\$ 5,206,193</u>	<u>\$ 0</u>	<u>\$ (564,425)</u>	<u>\$ 4,641,768</u>	<u>\$ 572,762</u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

	Outstanding 1/1/2017	Additions	Reductions	Outstanding 12/31/2017	Amounts Due Within One Year
Business-Type Activities:					
<i>General Obligation Bonds:</i>					
Kimbolton Waterline - 1992, \$142,000, 5.75%	\$ 72,800	\$ 0	\$ (3,700)	\$ 69,100	\$ 4,000
North Salem Waterline - 1994, \$450,000, 5%	261,800	0	(12,300)	249,500	13,000
Route 40 East Waterline - 2008, \$2,839,000, 4.42%	2,239,981	0	(83,647)	2,156,334	87,385
Ford F550 Cab and Chassis - 2014, \$45,751, 2.00%	27,997	0	(9,147)	18,850	9,331
<i>Total General Obligation Bonds</i>	<u>2,602,578</u>	<u>0</u>	<u>(108,794)</u>	<u>2,493,784</u>	<u>113,716</u>
<i>OWDA Loans:</i>					
Water Fund OWDA - 2006, \$288,657, 2%	158,643	0	(14,482)	144,161	14,773
Water Fund OWDA - 2009, \$69,134, 2%	41,564	0	(2,830)	38,734	2,886
Water Fund OWDA - 2010, \$112,010, 3.27%	71,726	0	(4,114)	67,612	4,250
Sewer Fund OWDA - 2015, \$1,354,297 .56%	1,220,830	4,027	(58,335)	1,166,522	51,152
Sewer Fund OWDA - 2011, \$1,363,953, 1%	1,184,450	0	(40,996)	1,143,454	41,407
<i>Total OWDA Loans</i>	<u>2,677,213</u>	<u>4,027</u>	<u>(120,757)</u>	<u>2,560,483</u>	<u>114,468</u>
<i>OPWC Loans:</i>					
Sewer Fund OPWC - 2015, \$499,999, 0.0%	487,499	0	(25,000)	462,499	25,000
Sewer Fund OPWC - 2015, \$499,999, 0.0%	474,999	0	(25,000)	449,999	25,000
	<u>962,498</u>	<u>0</u>	<u>(50,000)</u>	<u>912,498</u>	<u>50,000</u>
USDA Loan - 2011, \$3,641,000, 3.75%	<u>3,501,000</u>	<u>0</u>	<u>(50,000)</u>	<u>3,451,000</u>	<u>52,000</u>
Total Business-Type Activities	<u>\$ 9,743,289</u>	<u>\$ 4,027</u>	<u>\$ (329,551)</u>	<u>\$ 9,417,765</u>	<u>\$ 330,184</u>

Governmental Activities:

Special Assessment Bonds – As of December 31, 2017, the County has \$175,882 in special assessment bonded debt outstanding. The debt is being repaid from the Special Assessment Bond Retirement Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. Principal and interest requirements to retire the special assessment bonds outstanding at December 31, 2017 are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 28,494	\$ 8,908	\$ 37,402
2019	14,894	7,647	22,541
2020	14,894	6,847	21,741
2021	11,900	6,092	17,992
2022	16,900	5,473	22,373
2023-2027	71,200	14,006	85,206
2028-2032	14,300	3,045	17,345
2033	3,300	165	3,465
	<u>\$ 175,882</u>	<u>\$ 52,183</u>	<u>\$ 228,065</u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

General Obligation Bonds – As of December 31, 2017, the County has \$4,437,926 in general obligation bonded debt outstanding that is being retired by the Bond Retirement Fund.

On September 5, 2012, the County entered into \$5,670,000 of various purpose refunding general obligation bonds that consisted of serial bonds with an interest rate of 2.20 percent. At the date of refunding, \$5,609,331 (after issuance costs) was received to pay off old debt. As a result, \$5,250,000 of the 2003 Series Bonds are considered to be defeased and the liability for those bonds were removed from the financial statements.

On October 29, 2007, the County issued bonds in the amount of \$200,000. The bonds were issued for the purpose of constructing an office building for the Ohio State University Extension Services. The bonds were issued for a 20 year period at a 5.75 percent interest rate.

On September 15, 2014, the County issued bonds in the amount of \$185,000. The bonds were issued for the purpose of constructing an office building for the Guernsey Soil and Water Conservation District. The bonds were issued for a twenty year period at a 3.50 percent interest rate.

On June 24, 2015, the County issued bonds in the amount of \$173,000. The bonds were issued for the purpose of purchasing a multi-agency radio communication system and vehicles repeaters for the sheriff's office. The bonds were issued for a five year period at a 2.20 percent interest rate.

On November 9, 2015, the County issued bonds in the amount of \$250,000. The bonds were issued for the purpose of replacing the roof on the Guernsey County Law Enforcement Center. The bonds were issued for a five year period at a 2.25 percent interest rate.

The bonds are being retired from property and sales tax revenues.

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 541,605	\$ 103,917	\$ 645,522
2019	554,323	91,518	645,841
2020	572,125	78,817	650,942
2021	494,655	65,994	560,649
2022	500,615	54,585	555,200
2023-2027	1,469,305	132,499	1,601,804
2028-2032	280,334	14,778	295,112
2033-2034	24,964	1,100	26,064
	<u>\$ 4,437,926</u>	<u>\$ 543,208</u>	<u>\$ 4,981,134</u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Ohio Public Works Commission (OPWC) Loan – As of December 31, 2017, the County has a \$27,690 Ohio Public Works Commission loan outstanding. This loan was entered into for various road paving projects within the County and will be repaid from the Motor Vehicle and Gasoline Tax Fund. This loan is interest free. Principal requirements to retire the OPWC loans outstanding at December 31, 2017 are as follows:

Year Ending December 31,	Principal
2018	\$ 2,663
2019	2,662
2020	2,663
2021	2,663
2022	2,663
2023-2027	13,315
2028	1,331
	<u>\$ 27,960</u>

Business-Type Activities:

General Obligation Bonds – As of December 31, 2017, the County has \$2,493,784 in general obligation bonded debt outstanding. The bonds were issued to construct lines and a building associated with the County water system. The County issued a new bond during 2014 for the purchase of an F550 Cab and Chassis for the Water department. These bonds will be repaid from revenues derived by the County from the operation of the water system.

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 113,716	\$ 116,395	\$ 230,111
2019	118,611	111,421	230,032
2020	114,071	106,275	220,346
2021	119,333	101,045	220,378
2022	124,687	95,572	220,259
2023-2027	715,010	386,593	1,101,603
2028-2032	844,086	203,907	1,047,993
2033-2034	344,270	24,313	368,583
	<u>\$ 2,493,784</u>	<u>\$ 1,145,521</u>	<u>\$ 3,639,305</u>

Ohio Water Development Authority (OWDA) Loans - In 2006, the County entered into an OWDA loan for the purpose of updating the Guernsey County eastern water system.

The County entered into an OWDA loan in 2009 for the state route 313 waterline extension project.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

The County entered into an OWDA loan in 2010 for the purpose of waterline construction.

The County entered into an OWDA loan in 2011 for the Buffalo/Derwent sewer construction project.

The County entered into an OWDA loan in 2015 for the Coventry Estates and Beech Meadows waste water treatment plants. \$1,289,035 has been drawn down by the County as of December 31, 2017. Upon completion of the project, the loan will be repaid over a twenty year period. As of December 31, 2017 the OWDA had not completed an amortization schedule, therefore, the loan is not included in the following amortization schedule. As of December 31, 2017, the balance of this loan is \$1,166,522, which includes \$763 of capitalized interest.

Principal and interest requirements to retire the Enterprise Funds OWDA loans outstanding at December 31, 2017 are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 63,316	\$ 17,077	\$ 80,393
2019	64,225	16,167	80,392
2020	65,153	15,242	80,395
2021	66,095	14,298	80,393
2022	67,054	13,341	80,395
2023-2027	332,584	51,797	384,381
2028-2032	258,720	31,543	290,263
2033-2037	245,319	18,372	263,691
2038-2042	231,495	5,826	237,321
	<u>\$ 1,393,961</u>	<u>\$ 183,663</u>	<u>\$ 1,577,624</u>

Ohio Public Works Commission (OPWC) Loans – In 2015 the County entered into two loans with OPWC for the improvements at Coventry Estates and Beech Meadows waste water treatment plants. Both loans are for \$499,999 and will be repaid over a twenty year period.

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

Year Ending December 31,	Principal
2018	\$ 50,000
2019	50,000
2020	50,000
2021	50,000
2022	50,000
2023-2027	250,000
2028-2032	250,000
2033-2036	162,498
	<u>\$ 912,498</u>

Guernsey County, Ohio
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USDA Loan – During 2011, the County entered into a loan agreement with the United States Department of Agriculture (USDA) for the Buffalo/Derwent sewer construction project. The award amount of the loan is \$3,641,000 and was issued with an interest rate of 3.75 percent. The loan will be repaid over a 40 year period.

Principal requirements to retire the USDA loan outstanding at December 31, 2017 are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 52,000	\$ 129,413	\$ 181,413
2019	54,000	127,463	181,463
2020	56,000	125,781	181,781
2021	58,000	123,337	181,337
2022	60,000	121,163	181,163
2023-2027	335,000	570,732	905,732
2028-2032	405,000	503,050	908,050
2033-2037	486,000	420,896	906,896
2038-2042	583,000	322,827	905,827
2043-2047	701,000	204,877	905,877
2048-2051	661,000	63,218	724,218
	\$ 3,451,000	\$ 2,712,757	\$ 6,163,757

The County has pledged future customer revenues, net of specified operating expenses, to repay \$3,472,981 in OWDA and OPWC loans issued from 2006 to 2016. Proceeds from these loans provided financing for various water and sewer projects. The loans are payable solely from customer net revenues and are payable through 2042. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 16.5 percent. The total principal and interest remaining to be paid on the loans is \$3,656,644. The 2015 OWDA loan for the Coventry Estates and Beech Meadows waste water treatment plants is not complete as of December 31, 2017, therefore, interest owed on this loan is not available at this time. Principal and interest paid for the current year and total net revenues were \$195,694 and \$1,189,369, respectively.

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that total voted and un-voted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 11 – Commitments

A. Contractual Commitments

At December 31, 2017, the County had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/2017
Courthouse Renovation	\$ 465,403	\$ 386,066	\$ 79,337
Construction of Dog & Kennel Building	71,239	0	71,239
Totals	\$ 536,642	\$ 386,066	\$ 150,576

B. Other Commitments

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

Fund	Amount
General	\$ 202,197
Public Assistance	244,207
Motor Vehicle and Gasoline Tax	86,969
Board of Developmental Disabilities	303,890
Other Governmental Funds	679,833
Totals	\$ 1,517,096

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

Note 12 – Interfund Activity

A. Interfund Transfers

During 2017 the following transfers were made:

Transfer To	Transfers From			Total
	General	Governmental	Water	
General	\$ 0	\$ 5,000	\$ 0	\$ 5,000
Public Assistance	79,700	0	0	79,700
Motor Vehicle & Gas Tax	39,961	0	0	39,961
Board of Development Disabilities	58,000	0	0	58,000
Other Governmental	401,867	0	233,060	634,927
<i>Total</i>	\$ 579,528	\$ 5,000	\$ 233,060	\$ 817,588

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Transfers were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; to move monies to the General Fund as pursuant to Ohio Revised Code 325.33; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund and Water Fund transferred \$25,000 and \$233,060, respectively, to the non-major debt service funds for debt payments. Through a court order, the Court Fund transferred \$5,000 to the General Fund for wages and expenses related to courthouse security, training and case preparation. All other transfers were made from the General Fund to various other funds to provide additional resources for current operations.

B. Interfund Advances

During 2017 the following advances were made:

Advances To	Advances From		Total
	General	Other Governmental	
General	\$ 0	\$ 14,883	\$ 14,883
Other Governmental	14,883	18,044	32,927
<i>Total</i>	\$ 14,883	\$ 32,927	\$ 47,810

During the year, the General Fund advanced \$14,883 to the Corrections Fund. Through a court order, the Court Fund advanced \$9,022 to the VOCA Grant Fund.

During the year, the Corrections Fund repaid \$14,883 to the General Fund and the VOCA Grant Fund repaid \$9,022 to the Court Fund.

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Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 13 – Fund Balances

Fund balance can be 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Public Assistance	Motor Vehicle and Gas Tax	Board of Developmental Disabilities	Other Governmental Funds	Total
Nonspendable for:						
Unclaimed Monies	\$ 77,895	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,895
Restricted for:						
Debt Service	0	0	0	0	194,537	194,537
Capital Outlay	0	0	0	0	2,680,790	2,680,790
Public Works	0	0	1,713,215	0	0	1,713,215
Human Services	0	592,597	0	0	0	592,597
Children Services	0	0	0	0	2,715,735	2,715,735
Health Services	0	0	0	13,910,476	0	13,910,476
Other Purposes	0	0	0	0	3,064,155	3,064,155
Total Restricted	0	592,597	1,713,215	13,910,476	8,655,217	24,871,505
Committed for:						
Capital Outlay	0	0	0	0	11,566	11,566
Severance Payments	95,000	0	0	0	0	95,000
Total Committed	95,000	0	0	0	11,566	106,566
Assigned for:						
Encumbrances:						
Legislative and Executive	91,707	0	0	0	0	91,707
Judicial	24,990	0	0	0	0	24,990
Public Safety	69,745	0	0	0	0	69,745
Human Services	9,451	0	0	0	0	9,451
Capital Outlay	6,304	0	0	0	0	6,304
Total Assigned	202,197	0	0	0	0	202,197
Unassigned	8,913,240	0	0	0	0	8,913,240
Total Fund Balance	\$ 9,288,332	\$ 592,597	\$ 1,713,215	\$ 13,910,476	\$ 8,666,783	\$ 34,171,403

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 14 – Jointly Governed Organizations

A. Southeastern Ohio Joint Solid Waste Management District

The County is a member of the Southeastern Ohio Joint Solid Waste Management District (District) which consists of Monroe, Guernsey, Morgan, Muskingum, Noble, and Washington Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

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

B. Guernsey-Monroe-Noble Community Action Corporation (GMN)

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. During 2017, the County made no contributions to the Guernsey-Monroe-Noble Community Action Corporation.

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

The Southeast Ohio Juvenile Rehabilitation District (SEOJRD) is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble counties. SEOJRD was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by SEOJRD. The participating entities created a Judicial Rehabilitation Board; the members of which are made up of the juvenile judges of each participating county who determine the policy.

Guernsey County, Ohio
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A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont County has three appointees, and Jefferson, Guernsey, Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Guernsey County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. During 2017, the County made no contributions to SEOJRD.

D. Guernsey County Family Service Council

The Guernsey County Family Service Council (Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Department of Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004", and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In 2017, the County made no contribution to the Council.

E. Mental Health and Recovery Services Board

The Mental Health and Recovery Services Board (Board) is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble Counties. The Board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by an eighteen member board of trustees; two appointed by the Guernsey County Commissioners, eight appointed by the commissioners of the other participating counties, four by the director of the State Director of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control, including budgeting, appropriating, contracting, and designating management.

During 2015, Guernsey County began collecting a 1.0 mill levy approved by the voters in 2014. The Board is also supported by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. During 2017, the County made no contributions to SENT.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

G. Mid-East Ohio Regional Council of Governments (MEORC)

The Mid-East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Department of Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2017, the County made \$79,324 in payments to MEORC.

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The continued existence of OMEGA is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the OMEGA. OMEGA has no outstanding debt. During 2017, OMEGA received \$4,618 from the County.

I. Cambridge-Guernsey County Visitors and Convention Bureau (Bureau)

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and the Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. The Bureau has no outstanding debt. During 2017, the County made a contribution of \$5,367 to the Cambridge Guernsey County Visitors and Convention Bureau.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

J. Area Office on Aging

The Area Office on Aging (Council) is a non-profit corporation that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt. During 2017, the County made payments of \$1,157 to the Area Office on Aging.

K. Eastern Ohio Correctional Center (EOCC)

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2017, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

L. South East Area Transit (SEAT)

The South East Area Transit (SEAT) was created pursuant to state statute in 1979. SEAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SEAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SEAT is limited to a ten member board comprised of seven individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, one person appointed by the Guernsey County Commissioners and one person appointed by the Mayor of Cambridge. During 2017, SEAT received \$572,426 from the County along with a contribution of \$6,000. The continued existence of SEAT is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 15 – Related Organizations

A. Guernsey County Convention Facilities Authority

The Guernsey County Convention Facilities Authority (Authority) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The Authority levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the Authority by state law. During 2017, the County made no contributions to the Guernsey County Convention Facilities Authority.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority (Authority) is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. During 2017, the County contributed \$569 to the Cambridge Metropolitan Housing Authority.

C. Guernsey County Park District

The Guernsey County Park District (District) is governed by a three member Park District Board of Commissioners appointed by the probate judge of the County. State statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the county auditor as fiscal officer of the commission. The county commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains an agency fund for the District's operation since the County serves as fiscal agent for the District. During 2017, the County made a contribution of \$14,000 to the District.

D. Guernsey County Airport Authority

The Guernsey Airport Authority (Authority) is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority. During 2017, the County contributed \$50,000 to the Authority.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Note 16 – Public Entity Risk Pools

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

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 62 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.

B. County Commissioners Association of Ohio Service Corporation (CCAOSC)

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

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants.

The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

Note 17 – Tax Abatements

Guernsey County has entered into tax abatement agreements in order to retain or attract new industry, preserve or increase employment and revitalize the local economy. These tax abatements also affect the County's revenue stream, as they mean that the County is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. As of December 31, 2017, the County provides 31 tax abatements through two programs—the Community Reinvestment Area Program and the Enterprise Zone Program.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

The Community Reinvestment Area Program (CRA) is a direct incentive tax exemption program benefiting property owners who renovate existing structures or construct new buildings. This program allows the County to designate areas where revitalization is encouraged. Guernsey County's CRA program has supported the development of commercial and industrial projects by exempting real property from tax, under the guidelines of the Ohio Development Services Agency. These abatements are operated under post-1994 CRA authorizing legislation. The County grants tax abatements of up to 100 percent of the property tax bill.

The Ohio Enterprise Zone Program (EZ) is an economic development tool administered by Guernsey County that provides real estate property tax exemptions to businesses making investments in the County. Enterprise zones are designated areas of land in which business can receive tax incentives in the form of tax exemptions on new investments, when the investment also includes job creation. Guernsey County's enterprise zones have been created under the certification of the Ohio Development Services Agency and contain the characteristics set forth in Chapter 5709 of the Ohio Revised Code. The County may grant real property tax abatements of up to 100 percent and may require additional commitments from recipients.

Guernsey County presents abatements singly when they meet or exceed the qualitative threshold established by the County, i.e. 10 percent of the total tax abated for the reporting period. All of the real estate property taxes are abated by the mechanism of reduction of assessed values.

The total real estate property tax revenue of Guernsey County is reduced in 2017 by \$602,389 and \$124,164 for the CRA and EZ programs, respectively, as a result of tax abatements. The total reduction in 2017 is \$726,553. Therefore individual abatements equal to or greater than 10 percent or \$72,655 are disclosed individually. All other abatements are grouped and reported by type and by government agreeing to the abatement.

Individual Abatements Granted by Guernsey County Exceeding the 10 Percent Threshold

Industry or Business	Government Granting Abatement	Type of Abatement	Amount of Taxes Abated during 2017
Berkshire Industries	County	CRA	\$ 76,616
Guernsey County Port Authority/Detroit Diesel*	County	CRA/EZ	112,297
Metallurg Vanadium	County	EZ	68,855
Ridge Tool	County	CRA	78,851
Total			<u>\$ 336,619</u>

*Agreement also requires \$2,500 annual payment for the life of the abatement to the Cambridge-Guernsey County Community Improvement Corporation as part of the Enterprise Zone agreement.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2017

Other Guernsey County Tax Abatements in Aggregate

Fourteen other abatements were granted by the County; four were industrial and ten were commercial entities. As a result, real estate property tax revenues were reduced by \$263,526 in 2017. Eleven of the agreements were made under the Community Reinvestment Area Program and three were granted as part of an Enterprise Zone agreement. The length of reduction in tax payments range from ten to fifteen years, with exemptions of 75 to 100 percent. Two of the EZ agreements require an annual payment of \$1,000 and \$1,500 to the Cambridge-Guernsey County Community Improvement Corporation.

City of Cambridge Tax Abatements in Aggregate

Under the thirteen agreements granted by the City of Cambridge, 2017 County real estate property tax revenues were decreased by \$126,408. All abatements were agreed to under the Community Reinvestment Area Program for a period of fifteen years, allowing a 100 percent exemption. Eleven are commercial and two are industrial.

Note 18 – Contingent Liabilities

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

Several claims and/or lawsuits are pending against the County. Based upon information provided by the County's legal counsel, any potential liability would not have a material effect on the financial statements.

Note 19 – Compliance

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

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GUERNSEY COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
National School Lunch Program				
Non-Cash Assistance (Food Distribution)	10.555	N/A		<u>\$594</u>
Total National School Lunch Program				<u>594</u>
Total Child Nutrition Cluster				594
<i>Passed Through Ohio Department of Jobs and Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the				
Supplemental Nutrition Assistance Program	10.561	G-1617-11-5517/G-1819-11-5744		<u>367,894</u>
Total SNAP Cluster				<u>367,894</u>
Total U.S. Department of Agriculture				368,488
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
Community Development Block Grants-State's Program				
	14.228	B-F-16-1BB-1		183,193
		B-W-16-1BB-1		<u>205,000</u>
Total Community Development Block Grant-State's Program				<u>388,193</u>
Total U.S. Department of Housing and Urban Development				388,193
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Workforce Investment Act Area 7</i>				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities				
Total Employment Service Cluster	17.207	N/A		<u>3,000</u>
				3,000
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program				
Total WIOA Adult Programs	17.258	N/A		<u>139,612</u>
				139,612
WIOA Youth Program				
CCEMP WIOA Youth Program	17.259	N/A	\$13,999	23,255
Total WIOA Youth Program			<u>79,894</u>	<u>118,664</u>
			93,893	141,919
WIOA Dislocated Worker Formula Grants				
Total WIOA Dislocated Workers	17.278	N/A		<u>152,452</u>
				152,452
Total Workforce Innovation and Opportunity Act Cluster			<u>93,893</u>	<u>433,983</u>
			93,893	436,983
Total U.S. Department of Labor				436,983
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction				
Total Highway Planning and Construction	20.205	PID 103460		<u>1,449</u>
Total Highway Planning and Construction Cluster				<u>1,449</u>
				1,449
Total U.S. Department of Transportation				1,449
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education - Grants to States				
Total Special Education Cluster	84.027	071118-6BSF		<u>46,328</u>
				46,328
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education - Grants for Infants and Families				
	84.181	03010031HG0817	<u>59,296</u>	<u>59,296</u>
			59,296	105,624
Total U.S. Department of Education				105,624

GUERNSEY COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	0701OHSOSR		28,941
Medicaid Cluster:				
Medical Assistance Program	93.778	1705OH5ADM		<u>96,550</u>
Total Medicaid Cluster				96,550
<i>Passed through Ohio Department of Jobs and Family Services</i>				
System of Care Expansion Implementation Grant	93.243	5U79SM061225-04		17,145
Promoting Safe and Stable Families	93.556	5AU-17-C0030/5AU-18-C0030 G-1617-11-5518/G-1819-11-5745	17,448	17,448
Total Promoting Safe and Stable Families			<u>17,448</u>	<u>74,811</u> 92,259
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	G-1617-11-5517/G-1819-11-5744 G-1617-11-5518/G-1819-11-5745	86,525	1,998,853
Total TANF Cluster			<u>86,525</u>	<u>12,292</u> 2,011,145
Child Support Enforcement	93.563	G-1617-11-5517/G-1819-11-5744		952,632
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G-1617-11-5517/G-1819-11-5744		<u>60,744</u>
Total CCDF Cluster				60,744
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-17-C0030/5AU-18-C0030 G-1617-11-5518/G-1819-11-5745	2,157	2,157
Total Stephanie Tubbs Jones Child Welfare Services Program			<u>2,157</u>	<u>108,251</u> 110,408
Foster Care - Title IV-E	93.658	G-1617-11-5518/G-1819-11-5745		995,492
Adoption Assistance	93.659	G-1617-11-5518/G-1819-11-5745		469,684
Social Services Block Grant	93.667	G-1617-11-5517/G-1819-11-5744 G-1617-11-5518/G-1819-11-5745	266,808	485,375
Total Social Services Block Grant			<u>266,808</u>	<u>319,464</u> 804,839
Chafee Foster Care Independence Program	93.674	G-1617-11-5518/G-1819-11-5745		17,058
Children's Health Insurance Program	93.767	G-1617-11-5517/G-1819-11-5744		15,782
Medicaid Cluster:				
Medical Assistance Program	93.778	G-1617-11-5517/G-1819-11-5744 G-1617-11-5518/G-1819-11-5745		1,003,297
Total Medical Assistance Program				<u>5,004</u> 1,008,301
Total Medicaid Cluster				1,008,301
Block Grants for Community Health Services	93.958	NA		<u>6,879</u>
Total U.S. Department of Health and Human Services			372,938	6,687,859
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMC-2016-EP-00003-S01		<u>50,814</u>
Total Emergency Management Performance Grants				50,814
Total U.S. Department of Homeland Security				<u>50,814</u>
Total Federal Awards Expenditures			<u>\$526,127</u>	<u>\$8,039,410</u>

The accompanying notes are an integral part of this schedule.

GUERNSEY COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Guernsey County, Ohio (the County), under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

The County passes certain federal awards received from the U.S. Department of Health and Human Services, U.S. Department of Education, and U.S. Department of Labor to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – MATCHING REQUIREMENTS

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

NOTE F – EXPENSES INCURRED IN PRIOR REPORTING PERIODS

During 2017, the Guernsey County Board of Developmental Disabilities received a settlement payment for the 2012 and 2013 Cost Reports from the Ohio Department of Developmental Disabilities for the Medical Assistance Program (CFDA #93.778) in the amount of \$2,044 and \$1,827 respectively. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not reported on the County's Schedule of Expenditures of Federal Awards as the underlying expenses occurred in prior reporting periods.

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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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 24, 2018, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We issued an adverse opinion on the aggregate discretely presented component units as the County's cash-basis financial statements excluded the financial activities of its legally-separate component units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2017-001 to be a material weakness.

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 2017-001.

County's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2018



Dave Yost • Auditor of State

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Report on Compliance for each Major Federal Program

We have audited Guernsey County, Ohio'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 Guernsey County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Community Development Block Grant – State's Program

As described in Finding 2017-002 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on the Community Development Block Grant – State's Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Community Development Block Grant – State's Program* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant – State's Program* for the year ended December 31, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2017.

Other Matters

The County's response to our noncompliance Finding is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2017-002.

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

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2018

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GUERNSEY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Aggregate Discretely Presented Component Units – Adverse. All other opinion units – 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)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Community Development Block Grant – State's Program – Qualified. All others – Unmodified.
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Community Development Block Grant – State's Program, CFDA No. 14.228 • TANF Cluster, CFDA No. 93.558 • Social Services Block Grant, CFDA No. 93.667 	
(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

GUERNSEY COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2017

(Continued)

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

FINDING NUMBER 2017-001

Noncompliance and Material Weakness

Ohio Rev. Code § 117.38 provides that each public office shall file with the Auditor of State a financial report for each fiscal year, within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the 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 Admin. Code § 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38.

Ohio Admin. Code § 117-2-03(B) requires the County to file its annual financial report pursuant to generally accepted accounting principles. However, the County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In addition, the County did not include the activity of component units in its annual financial report pursuant to Governmental Accounting Standards Board Codification (GASB) Section 2100. The financial statements and note disclosures of the Guernsey County Port Authority were prepared on a different financial reporting framework than the County. The activity of the Guernsey County Land Reutilization Corporation was omitted as the activity of the Corporation was considered to be immaterial to the County.

Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. The omission of the County's component units has resulted in a modification of our opinion over the County's financial statements.

The County should take the necessary steps to help ensure the annual financial report is prepared in accordance with generally accepted accounting principles and includes the applicable component units with a consistent basis of accounting.

Officials' Response: See Corrective Action Plan.

GUERNSEY COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2017

(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2017-002		
CFDA Title and Number	Community Development Block Grant – State's Program, CFDA No. 14.228		
Federal Award Identification Number / Year	B-F-16-1BB-1/B-W-16-1BB-1		
Federal Agency	U.S. Department of Housing and Urban Development		
Compliance Requirement	Cash Management		
Pass-Through Entity	Ohio Development Service Agency		
Repeat Finding from Prior Audit?	Yes	Finding Number (if repeat)	2016-003

Noncompliance and Material Weakness

2 CFR § 200.305 provides that grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. Ohio Development Services Agency, Office of Community Development (OCD), Grant Operations and Financial Management Policy and Procedures Program Policy Notice: OCD 15-06 required grantees to develop a cash management system to minimize the time elapsed between the funds transferred from OCD and funds disbursed by the grantee, in compliance with 2 CFR § 200.305 - Payment. Implementing the cash management system shall ensure disbursed OCD funds-on-hand balance is less than \$5,000 within 30 days of receiving the funds. Lump sum drawdowns are not permitted.

In 2017, drawdowns were made, but the disbursements made within the required time period of receipt did not bring the balance on hand to a balance of less than \$5,000 for four of six, or 67 percent, of drawdowns. Cash on hand from these drawdowns was held for more than 365 days with the cash balances over the 30 allowable days ranging from \$8,500 to \$21,300.

We recommend the County monitor the cash balances in these funds to determine when and how much cash to request. This will help ensure that the monies drawn down are expended within the required time frame.

Officials' Response: See Corrective Action Plan.

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Guernsey County Auditor's Office

Tony Brown, Auditor

627 Wheeling Avenue, Suite 301

Cambridge, Ohio 43725

Phone (740) 432-9243~Fax (740) 439-6265

GUERNSEY COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(b) DECEMBER 31, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	A Finding for Recovery was issued against the Secrest Senior Center after a payment of \$3,327 was improperly made from the Senior Citizens Levy Fund.	Corrective Action Taken; Fully Corrected	
2016-002	A noncompliance citation and material weakness was noted for not preparing and filing the annual report in accordance with generally accepted accounting principles. Finding initially occurred in 2004.	Not Corrected	Reissued in current audit as Finding Number 2017-001
2016-003	A noncompliance citation and material weakness was reported for not complying with the Thirty Day rule, according to the Rules and Regulations of the Ohio Department of Development. Finding originally occurred in 2006.	Not Corrected	Reissued in current audit as Finding Number 2017-002
2016-004	Errors and omissions were noted in the Schedule of Expenditures of Federal Awards.	Corrective Action Taken; Fully Corrected	

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GUERNSEY COUNTY

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The County will continue to file cash basis financial statements, as the cost related to GAAP filing is prohibitive compared to the benefit realized by management and users of the financial statements.	12/31/18	County Auditor Tony Brown
2017-002	The City of Cambridge—Office of Community Development, will monitor drawdown procedures and forecasting of expenses in collaboration with the County, to eliminate excess cash balances.	12/31/18	County Auditor Tony Brown

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Dave Yost • Auditor of State

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER, 4 2018**