



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MEIGS COUNTY  
DECEMBER 31, 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Meigs County  
100 E. Second Street  
Pomeroy, Ohio 45769

To the Board of County Commissioners:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business Type Activities	Qualified
General Fund	Unmodified
Board of Disabilities Fund	Unmodified
Job and Family Services Fund	Unmodified
Auto License and Gas Fund	Unmodified
EMS Fund	Unmodified
Rutland Sewer	Qualified
Aggregate Remaining Fund Information	Unmodified

**Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Major Rutland Sewer Fund**

Management has not established an adequate method for recording capital assets. Accounting principles generally accepted in the United States of America require that sufficient competent evidential matter support the County's capital asset balances, and support the reported accumulated depreciation and current period depreciation expense in the Governmental Activities, Business-Type Activities, and Major Rutland Sewer Fund. We cannot reasonably determine the amount by which this departure would affect the assets, net position, and expenses of the Governmental Activities, Business-Type Activities, and Major Rutland Sewer Fund.

**Qualified Opinions**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Major Rutland Sewer Fund paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, and Major Rutland Sewer Fund of Meigs County, Ohio, as of December 31, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Board of Developmental Disabilities Fund, Job and Family Services Fund, Auto License and Gas Fund, EMS Fund, and Aggregate Remaining Fund Information of Meigs County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, Board of Developmental Disabilities Fund, Job and Family Services Fund, Auto License and Gas Fund, and EMS Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 4 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and elected to prepare financial statements using Generally Accepted Accounting Principles (GAAP) as opposed to the prior used cash-basis. We did not modify our opinion regarding these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-employment Benefit Liabilities/Assets and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 23, 2020

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

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

### **Financial Highlights**

Key financial highlights for 2018 are as follows:

- The County's net position decreased \$273,336 as a result of this year's operations. Net position of our business-type activities increased \$102,954, and net position of our governmental activities decreased \$376,290.
- General revenues for governmental activities accounted for \$9,029,349 in revenue or 36.6 percent of all revenues. Program specific revenues for governmental activities in the form of charges for services and sales, grants and contributions accounted for \$15,607,497 or 63.4 percent of total revenues of \$24,636,846.
- The County had \$25,013,136 in expenses related to governmental activities; \$15,607,497 of these expenses were offset by program specific charges for services and sales, grants and contributions.

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Meigs County as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

### ***Reporting the County as a Whole***

#### *Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?"

The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it informs the reader whether, for the County as a whole, the financial position of the County is as strong as it once was. This is the result of many factors, some the County can control and some of which it cannot. Non-controllable financial factors include rising insurance costs, workers compensation costs, declining consumption based tax revenues due to the state and federal economic downturn, low rates of return on investments, revenue cuts and the restriction of revenue growth due to the political culture at the state and national levels. In addition, unfunded mandated programs are still problematic in all counties as are many other specific causative factors in which local government has little control.

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

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

- **Governmental Activities** - Most of the County's programs and services are reported here including public safety, public works, health, human services, economic development and assistance, legislative and executive, and judicial. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Rutland Sewer Fund and Rutland Water Fund are reported as business-type activities.

***Reporting the County's Most Significant Funds***

***Fund Financial Statements***

Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, Board of Developmental Disabilities Fund, Job and Family Services Fund, Auto License and Gas Fund, and EMS Fund.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds** The County maintains one type of proprietary fund; enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer and water operations.

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

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

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

**The County as a Whole**

Recall that the statement of net position provides the perspective of the County as a whole.

**Government-Wide Financial Analysis**

Table 1 provides a summary of the County's net position for 2018:

Table 1  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
<b><u>Assets:</u></b>						
Current and Other Assets	\$23,839,695	\$22,873,907	\$81,801	(\$228,743)	\$23,921,496	\$22,645,164
Capital Assets, Net	27,984,310	27,309,107	372,950	287,543	28,357,260	27,596,650
<i>Total Assets</i>	<u>51,824,005</u>	<u>50,183,014</u>	<u>454,751</u>	<u>58,800</u>	<u>52,278,756</u>	<u>50,241,814</u>
Deferred Outflows of Resources	2,854,103	5,685,226	31,122	68,055	2,885,225	5,753,281
<b><u>Liabilities:</u></b>						
Current and Other Liabilities	2,258,691	2,887,649	370,601	94,806	2,629,292	2,982,455
<i>Long-Term Liabilities:</i>						
Due within One Year	698,124	574,727	34,498	18,558	732,622	593,285
<i>    Due in More Than One Year:</i>						
Net Pension Liability	10,335,571	14,544,879	116,157	174,378	10,451,728	14,719,257
Net OPEB Liability	6,347,892	6,013,408	76,450	74,278	6,424,342	6,087,686
Other Amounts	1,028,738	381,245	433,948	451,247	1,462,686	832,492
<i>Total Liabilities</i>	<u>20,669,016</u>	<u>24,401,908</u>	<u>1,031,654</u>	<u>813,267</u>	<u>21,700,670</u>	<u>25,215,175</u>
Deferred Inflows of Resources	6,963,123	4,044,073	47,670	9,993	7,010,793	4,054,066
<b><u>Net Position:</u></b>						
Net Investments in Capital Assets	27,085,068	26,325,850	0	0	27,085,068	26,325,850
Restricted	11,244,244	11,899,994	0	0	11,244,244	11,899,994
Unrestricted	(11,283,343)	(10,803,585)	(593,451)	(696,405)	(11,876,794)	(11,499,990)
<i>Total Net Position</i>	<u>\$27,045,969</u>	<u>\$27,422,259</u>	<u>(\$593,451)</u>	<u>(\$696,405)</u>	<u>\$26,452,518</u>	<u>\$26,725,854</u>

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

**Meigs County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation along with other restatements discussed in Note 4 of the notes to the basic financial statements, had the effect of restating net position at December 31, 2017, from \$11,109,988 to \$27,422,259 for governmental activities and from a deficit \$307,107 to a deficit \$696,405 for business-type activities.

As noted earlier, the County's net position, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,452,518. By far, the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position represents resources that are subject to restrictions on how they can be used. These resources accounted for 42.5 % of total net position. The remaining deficit balance represents unrestricted net position and may be used to meet the County's ongoing obligation to citizens and creditors. Total net position decreased in 2018 by \$273,336. As of December 31, 2018, the County is able to report a positive net position of \$27,045,969 for governmental activities. For business-type activities, a deficit net position of \$593,451 is reported.

Table 2 shows the changes in net position for 2018. Since this is the first year the County has prepared financial statements following Generally Accepted Accounting Principles, revenue and expense comparisons to 2017 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2  
Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
	2018	2018	2018
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for Services	\$4,285,139	\$386,852	\$4,671,991
Operating Grants & Contributions	11,263,113	89,893	11,353,006
Capital Grants & Contributions	59,245	0	59,245
<b>Total Program Revenues</b>	<b>15,607,497</b>	<b>476,745</b>	<b>16,084,242</b>
<i>General Revenues:</i>			
Property Taxes	3,606,364	0	3,606,364
Sales Taxes	2,483,911	0	2,483,911
Lodging Taxes	2,433	0	2,433
Grants and Entitlements	2,691,859	0	2,691,859
Unrestricted Investment Earnings	81,624	0	81,624
Other	163,158	37,304	200,462
<b>Total General Revenues</b>	<b>9,029,349</b>	<b>37,304</b>	<b>9,066,653</b>
<b>Total Revenues</b>	<b>24,636,846</b>	<b>514,049</b>	<b>25,150,895</b>

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

Table 2  
Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
	Restated 2018	Restated 2018	Restated 2018
<b>Program Expenses:</b>			
<i>General Government:</i>			
Legislative & Executive	3,541,417	0	3,541,417
Judicial	1,414,850	0	1,414,850
Public Safety	5,515,890	0	5,515,890
Public Works	5,078,189	0	5,078,189
Health	462,270	0	462,270
Human Services	8,787,104	0	8,787,104
Community and Economic Development	180,965	0	180,965
Interest and Fiscal Charges	32,451	0	32,451
Sewer	0	282,287	282,287
Water	0	128,808	128,808
<b>Total Program Expenses</b>	<b>25,013,136</b>	<b>411,095</b>	<b>25,424,231</b>
 <i>Changes in Net Position</i>	 (376,290)	 102,954	 (273,336)
 Net Position at January 1, Restated	 27,422,259	 (696,405)	 26,725,854
Net Position at December 31	\$27,045,969	(\$593,451)	\$26,452,518

Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$498,921.

**Governmental Activities**

The most significant program expenses for the County are Human Services, Public Works, Public Safety and Legislative and Executive. These programs account for 77.5 % of the total governmental activities. Human Services, which is 35.1% of the total, represents costs associated with providing services for various state and locally mandated public assistance and welfare programs for families and individuals. These expenses reflect programs administered by the Board of Developmental Disabilities, Job and Family Services and Children Services. Public Works, which is 20.3 % of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Public Safety, which accounts for 22.1 % of the total, represents costs mainly associated with the operation of the Sheriff's Department and Emergency Medical Services. Legislative and Executive expenses, which accounts for 14.2% of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor, and Recorder.

Funding for the most significant programs indicated above is from operating grants, charges for services, and in some instances property and sales taxes. Children Services and the Board of Developmental Disabilities are primarily supported by both voted property tax levies and federal and state monies. The operation of the Sheriff's Department is funded primarily by the General Fund. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

The net position for the governmental activities decreased \$376,290 or 1.4 % in 2018.

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

The Statement of Activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
 Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018
Legislative and Executive	\$3,541,417	\$2,625,912
Judicial	1,414,850	378,740
Public Safety	5,515,890	2,012,829
Public Works	5,078,189	387,997
Health	462,270	457,341
Human Services	8,787,104	3,414,404
Community and Economic Development	180,965	95,965
Interest and Fiscal Charges	32,451	32,451
Total Expenses	<u>\$25,013,136</u>	<u>\$9,405,639</u>

It should be noted that 62.4 % of the total cost of services for governmental activities are derived from program revenues including charges for services, operating grants, and capital grants and other contributions.

For Legislative and Executive, the majority of the \$2,625,912 in net cost of services represents the cost of general government operating expenses. The expenses, primarily in the General Fund, are supported through taxes and other general revenues.

***Business-Type Activities***

Business-type activities include the Rutland Sewer Fund. This program had total operating revenues of \$251,322 and expenses of \$277,806 for the year 2018. Total business-type activities net position increased 10.4% due to the County's efforts to maintain and control spending levels. As previously discussed, management reviews the operations and fees and sets the user fee structure. Business-type activities generally receive no support from tax revenues.

**The County's Funds**

Information about the County's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$25,092,509 and expenditures and other financing uses of \$24,587,812. The net change in fund balance for the year was most significant in the General Fund. The fund balance increased \$1,230,806 as a result of revenues exceeding in expenditures.

The MCBDD Fund had a decrease of \$79,923 due to an increase in expenditures. The Job and Family Services Fund had a decrease in fund balance in the amount of \$316,513 primarily due to an increase in grant funding. The Auto License and Gas Tax Fund had a decrease of \$872,353 primarily due to an increase in expenditures. The EMS Fund had an increase in fund balance in the amount of \$106,428 as a result of revenues exceeding expenditures.

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

**General Fund Budgeting Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the year 2018 the County amended its General Fund budget numerous times. The County uses department based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, original budget basis revenues were \$5,676,875, which had a \$150,414 change from the final budget of \$5,827,289. The County was pleased that actual revenue exceeded estimates for the calendar year. The increase in actual revenues is due mainly to an increase in charges for services. Original budget basis expenditures were \$5,231,646, which was below final budget estimates of \$6,301,754, due mainly to increases in legislative and executive and public safety expenditures. Actual expenditures were monitored closely and resulted in lower than expected spending primarily for general government expenditures.

The County's 2018 ending unobligated General Fund cash balance was \$453,106 above the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the 2018 the County had \$28,357,260 invested in land, construction in progress, furniture and fixtures, buildings and improvements, machinery and equipment, vehicles and infrastructure, of which \$27,984,310 was in governmental activities.

Table 4  
 Capital Assets at December 31

	Governmental Activities	Business-Type Activities	Total
	2018	2018	2018
Land	\$76,884	\$0	\$76,884
Construction in Progress	0	174,333	174,333
Buildings and Improvements	1,861,865	198,617	2,060,482
Machinery and Equipment	498,684	0	498,684
Furniture and Fixtures	13,933	0	13,933
Vehicles	1,179,026	0	1,179,026
Infrastructure	24,353,918	0	24,353,918
	\$27,984,310	\$372,950	\$28,357,260

See Note 11 to the basic financial statements for more information on the County's capital assets.



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

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**Debt**

As of December 31, 2018 the County had \$806,416 in loans and leases outstanding with \$130,135 of this long term debt due within one year. See Note 15 for more information regarding the County's debt. Table 5 summarizes long-term bonds and loans outstanding.

Table 5  
 Outstanding Debt, at Year End

	Governmental Activities	Business-Type Activities
	2018	2018
Loans	\$634,076	\$0
Leases	172,340	0
OWDA Loans	0	451,247
Total Debt Outstanding	\$806,416	\$451,247

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

The County's legal debt margin as of December 31, 2018 is \$7,628,313.

**For the Future**

The County is continuing to monitor its finances closely due to the tightening of finances that Meigs County and most other counties of comparable size have experienced for the past several years. The County heavily depends on its sales tax revenue in the budgeting process. The cash position of Meigs County's General Fund has decreased over the past three years and the trend is expected to continue. Concern exists for all Meigs County Departments whose primary revenue sources are generated from consumption based taxes due to the current state of the economy being experienced in Meigs County.

In conclusion, the County has committed itself to fiscal responsibility and conservative financial management for many years. In addition, the County's systems of budgeting and internal controls are well regarded. All of the County's financial abilities and resources will be needed to meet the challenges of the future as all subdivisions of local government are entrenched in the battle of increasing general operating costs, decreasing revenues and the likelihood of sweeping tax law changes.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information contact Mary Byer - Hill, CPA, County Auditor, 100 E. Second Street, Room 201, Pomeroy, Ohio 45769, or e-mail at meigsauditor@suddenlinkmail.com or telephone at (740) 992-4609.

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**Meigs County, Ohio**  
*Statement of Net Position*  
*December 31, 2018*

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$12,517,377	\$0	\$12,517,377
Cash and Cash Equivalents:			
in Segregated Accounts	143,678	0	143,678
Materials and Supplies	60,802	0	60,802
Receivables:			
Property Taxes	5,700,454	0	5,700,454
Sales Tax	631,544	0	631,544
Other Local Taxes	319	0	319
Accounts	270,789	73,292	344,081
Interfund	317,355	0	317,355
Intergovernmental	3,969,736	7,595	3,977,331
Prepaid Items	177,170	914	178,084
Net Pension Asset	50,471	0	50,471
Nondepreciable Capital Assets	76,884	174,333	251,217
Depreciable Capital Assets, net of depreciation	27,907,426	198,617	28,106,043
<i>Total Assets</i>	<u>51,824,005</u>	<u>454,751</u>	<u>52,278,756</u>
<b>Deferred Outflows of Resources</b>			
Pension	2,378,183	25,495	2,403,678
OPEB	475,920	5,627	481,547
<i>Total Deferred Outflows of Resources</i>	<u>2,854,103</u>	<u>31,122</u>	<u>2,885,225</u>
<b>Liabilities:</b>			
Accounts Payable	663,847	7,151	670,998
Accrued Wages and Benefits	448,597	5,207	453,804
Contracts Payable	28,706	27,830	56,536
Intergovernmental Payable	138,800	10,847	149,647
Claims Payable	373,528	0	373,528
Accrued Interest Payable	9,465	2,211	11,676
Interfund Payable	0	317,355	317,355
Unearned Revenue	595,748	0	595,748
<i>Long-Term Liabilities:</i>			
Due Within One Year	698,124	34,498	732,622
<i>Due In More Than One Year:</i>			
Net Pension Liability	10,335,571	116,157	10,451,728
Net OPEB Liability	6,347,892	76,450	6,424,342
Other Amounts Due In More Than One Year	1,028,738	433,948	1,462,686
<i>Total Liabilities</i>	<u>20,669,016</u>	<u>1,031,654</u>	<u>21,700,670</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes not Levied to Finance Current Year Operations	4,009,307	0	4,009,307
Pension	2,399,217	36,182	2,435,399
OPEB	554,599	11,488	566,087
<i>Total Deferred Inflows of Resources</i>	<u>6,963,123</u>	<u>47,670</u>	<u>7,010,793</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	27,085,068	0	27,085,068
<i>Restricted for:</i>			
Debt Service	7,600	0	7,600
Capital Outlay	103,518	0	103,518
Other Purposes	11,133,126	0	11,133,126
Unrestricted	(11,283,343)	(593,451)	(11,876,794)
<i>Total Net Position</i>	<u>\$27,045,969</u>	<u>(\$593,451)</u>	<u>\$26,452,518</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
<i>General Government:</i>				
Legislative and Executive	\$3,541,417	\$874,651	\$40,854	\$0
Judicial	1,414,850	847,790	188,320	0
Public Safety	5,515,890	2,037,901	1,465,160	0
Public Works	5,078,189	85,406	4,604,786	0
Health	462,270	4,929	0	0
Human Services	8,787,104	434,462	4,878,993	59,245
Community and Economic Development	180,965	0	85,000	0
Interest and Fiscal Charges	32,451	0	0	0
<i>Total Governmental Activities</i>	<u>25,013,136</u>	<u>4,285,139</u>	<u>11,263,113</u>	<u>59,245</u>
<b>Business-Type Activities:</b>				
Rutland Sewer	282,287	244,018	89,893	
Rutland Water	128,808	142,834	0	0
<i>Total Business-Type Activities</i>	<u>411,095</u>	<u>386,852</u>	<u>89,893</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$25,424,231</u>	<u>\$4,671,991</u>	<u>\$11,353,006</u>	<u>\$59,245</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes  
Public Safety  
Human Services  
Sales Taxes  
Lodging Taxes  
Grants and Contributions Not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous

*Total General Revenues*

Changes in Net Position

*Net Position at Beginning of Year, As Restated*

*Net Position at End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$2,625,912)	\$0	(\$2,625,912)
(378,740)	0	(378,740)
(2,012,829)	0	(2,012,829)
(387,997)	0	(387,997)
(457,341)	0	(457,341)
(3,414,404)	0	(3,414,404)
(95,965)	0	(95,965)
(32,451)	0	(32,451)
<u>(9,405,639)</u>	<u>0</u>	<u>(9,405,639)</u>
	51,624	51,624
<u>0</u>	<u>14,026</u>	<u>14,026</u>
<u>0</u>	<u>65,650</u>	<u>65,650</u>
(9,405,639)	65,650	(9,339,989)
1,668,923	0	1,668,923
567,955	0	567,955
1,369,486	0	1,369,486
2,483,911	0	2,483,911
2,433	0	2,433
2,691,859	0	2,691,859
81,624	0	81,624
<u>163,158</u>	<u>37,304</u>	<u>200,462</u>
<u>9,029,349</u>	<u>37,304</u>	<u>9,066,653</u>
(376,290)	102,954	(273,336)
<u>27,422,259</u>	<u>(696,405)</u>	<u>26,725,854</u>
<u>\$27,045,969</u>	<u>(\$593,451)</u>	<u>\$26,452,518</u>

**Meigs County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2018*

	General	Board of Developmental Disabilities	Job and Family Services
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$4,008,184	\$1,914,101	\$443,839
Cash and Cash Equivalents In Segregated Accounts	22,027	5,206	4,732
Receivables:			
Property Taxes	2,481,749	2,215,468	0
Sales Tax	631,544	0	0
Accounts	10,160	0	0
Interfund	1,307,379	0	0
Intergovernmental	329,607	344,052	437,542
Other Local Taxes Receivable	0	0	0
Materials and Supplies Inventory	28,263	529	9,864
Prepaid Items	47,967	36,614	61,795
<i>Total Assets</i>	<u>\$8,866,880</u>	<u>\$4,515,970</u>	<u>\$957,772</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$147,516	\$43,140	\$126,349
Accrued Wages and Benefits	166,003	45,997	80,739
Contracts Payable	0	27,300	0
Intergovernmental Payable	101,375	29,756	1,096
Interfund Payable	4,205	0	15,576
Claims Payable	109,802	0	0
Unearned Revenue	0	0	562,064
<i>Total Liabilities</i>	<u>528,901</u>	<u>146,193</u>	<u>785,824</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes not Levied to Finance Current Year Operations	1,738,756	1,561,629	0
Unavailable Revenue - Delinquent Taxes	678,023	605,274	0
Unavailable Revenue - Sales Taxes	238,618	0	0
Unavailable Revenue - Grants	186,181	87,908	0
<i>Total Deferred Inflows of Resources</i>	<u>2,841,578</u>	<u>2,254,811</u>	<u>0</u>
<b>Fund Balances:</b>			
Nonspendable	249,052	37,143	71,659
Restricted	0	2,077,823	100,289
Committed	3,405,028	0	0
Assigned	299,034	0	0
Unassigned	1,543,287	0	0
<i>Total Fund Balances (Deficit)</i>	<u>5,496,401</u>	<u>2,114,966</u>	<u>171,948</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,866,880</u>	<u>\$4,515,970</u>	<u>\$957,772</u>

See accompanying notes to the basic financial statements

Auto, License and Gas	EMS	All Other Governmental Funds	Total Governmental Funds
\$1,167,159	\$930,721	\$4,053,373	\$12,517,377
3,287	5,168	103,258	143,678
0	1,003,237	0	5,700,454
0	0	0	631,544
0	237,027	23,602	270,789
0	0	0	1,307,379
2,189,027	24,392	645,116	3,969,736
0	0	319	319
20,547	1,599	0	60,802
9,575	11,784	9,435	177,170
<u>\$3,389,595</u>	<u>\$2,213,928</u>	<u>\$4,835,103</u>	<u>\$24,779,248</u>
\$81,390	\$14,669	\$250,783	\$663,847
54,973	57,513	43,372	448,597
0	0	1,406	28,706
1,338	352	4,883	138,800
0	5,770	964,473	990,024
263,726	0	0	373,528
0	0	33,684	595,748
<u>401,427</u>	<u>78,304</u>	<u>1,298,601</u>	<u>3,239,250</u>
0	708,922	0	4,009,307
0	274,088	0	1,557,385
0	0	0	238,618
1,118,193	24,392	21,791	1,438,465
<u>1,118,193</u>	<u>1,007,402</u>	<u>21,791</u>	<u>7,243,775</u>
30,122	13,383	9,435	410,794
1,839,853	1,114,839	4,355,701	9,488,505
0	0	0	3,405,028
0	0	0	299,034
0	0	(850,425)	692,862
<u>1,869,975</u>	<u>1,128,222</u>	<u>3,514,711</u>	<u>14,296,223</u>
<u>\$3,389,595</u>	<u>\$2,213,928</u>	<u>\$4,835,103</u>	<u>\$24,779,248</u>

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

<b>Total Governmental Funds Balances</b>		\$14,296,223
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,984,310
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,557,385	
Sales Taxes	238,618	
Intergovernmental	1,438,465	
Total		3,234,468
Long-term liabilities, including bonds, loans, capital lease obligations, and long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Capital Leases Payable	(26,054)	
Compensated Absences	(920,446)	
Interest Payable	(9,465)	
Loans Payable	(634,076)	
Lease-Purchase Agreements	(146,286)	
Total		(1,736,327)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	2,378,183	
Deferred Outflows - OPEB	475,920	
Deferred Inflows - Pension	(2,399,217)	
Deferred Inflows - OPEB	(554,599)	
Net OPEB Asset	50,471	
Net Pension Liability	(10,335,571)	
Net OPEB Liability	(6,347,892)	
Total		(16,732,705)
<b>Net Position of Governmental Activities</b>		<b>\$27,045,969</b>

See accompanying notes to the basic financial statements

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

	General	Board of Developmental Disabilities	Job and Family Services
<b>Revenues:</b>			
Property Tax	\$1,598,316	\$1,286,743	\$0
Sales Tax	2,465,732	0	0
Other Local Taxes	0	0	0
Intergovernmental	2,772,736	1,139,990	3,484,396
Interest	65,809	0	0
Charges for Services	921,739	0	378,276
Fees, License and Permits	1,438	0	0
Fines and Forfeitures	109,692	0	0
Other	63,880	43,827	0
<i>Total Revenues</i>	<u>7,999,342</u>	<u>2,470,560</u>	<u>3,862,672</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>General Government:</i>			
Legislative and Executive	2,968,547	0	0
Judicial	927,591	0	0
Public Safety	2,228,350	0	0
Public Works	80,918	0	0
Health	205,599	0	0
Human Services	246,748	2,450,483	4,209,252
Economic Development and Assistance	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	65,244	0	2,875
Interest and Fiscal Charges	2,190	0	20
<i>Total Expenditures</i>	<u>6,725,187</u>	<u>2,450,483</u>	<u>4,212,147</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,274,155</u>	<u>20,077</u>	<u>(349,475)</u>
<b>Other Financing Sources (Uses):</b>			
Inception of Capital Lease	13,500	0	0
Notes Issued	176,500	0	0
Transfers In	0	0	32,962
Transfers Out	(233,349)	(100,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(43,349)</u>	<u>(100,000)</u>	<u>32,962</u>
<i>Net Change in Fund Balances</i>	1,230,806	(79,923)	(316,513)
<i>Fund Balances at Beginning of Year</i>	<u>4,265,595</u>	<u>2,194,889</u>	<u>488,461</u>
<i>Fund Balances at End of Year</i>	<u>\$5,496,401</u>	<u>\$2,114,966</u>	<u>\$171,948</u>

See accompanying notes to the basic financial statements

Auto License and Gas	EMS	All Other Governmental Funds	Total Governmental Funds
\$0	\$586,452	\$0	\$3,471,511
0	0	0	2,465,732
0	0	2,433	2,433
4,399,746	48,628	2,214,067	14,059,563
15,815	0	0	81,624
67,123	1,432,842	1,287,731	4,087,711
0	0	21,471	22,909
18,283	0	46,544	174,519
864	1,149	53,438	163,158
<u>4,501,831</u>	<u>2,069,071</u>	<u>3,625,684</u>	<u>24,529,160</u>
0	0	265,617	3,234,164
0	0	361,934	1,289,525
0	1,962,643	1,026,881	5,217,874
5,374,184	0	60,689	5,515,791
0	0	17,099	222,698
0	0	1,320,990	8,227,473
0	0	180,585	180,585
0	0	164,746	164,746
0	0	68,274	136,393
0	0	23,004	25,214
<u>5,374,184</u>	<u>1,962,643</u>	<u>3,489,819</u>	<u>24,214,463</u>
<u>(872,353)</u>	<u>106,428</u>	<u>135,865</u>	<u>314,697</u>
0	0	0	13,500
0	0	0	176,500
0	0	340,387	373,349
0	0	(40,000)	(373,349)
<u>0</u>	<u>0</u>	<u>300,387</u>	<u>190,000</u>
<u>(872,353)</u>	<u>106,428</u>	<u>436,252</u>	<u>504,697</u>
<u>2,742,328</u>	<u>1,021,794</u>	<u>3,078,459</u>	<u>13,791,526</u>
<u>\$1,869,975</u>	<u>\$1,128,222</u>	<u>\$3,514,711</u>	<u>\$14,296,223</u>

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$504,697
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Asset Additions	3,027,075	
Current Year Depreciation	<u>(2,329,372)</u>	
Total		697,703
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		
		(29,372)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	134,853	
Sales Taxes	18,179	
Intergovernmental	<u>45,461</u>	
Total		198,493
Proceeds from the issuance of long term notes, bonds and loans in the Statement of Revenues, Expenditures and Changes in Fund Balances that are not reported as revenues in the Statement of Activities.		
		(176,500)
Repayment of loan and bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		
		126,870
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		
		9,523
New capital lease obligations in the Statement of Revenues, Expenditures, and Changes in Fund Balances that are reported as other financing sources are not reported as new revenues in the Statement of Activities.		
		(13,500)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in Compensated Absences	35,526	
Increase in Interest Payable	<u>(7,237)</u>	
Total		28,289
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		993,418
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		<u>(2,715,911)</u>
<b>Net Change in Net Position of Governmental Activities</b>		<u><u>(\$376,290)</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$3,933,000	\$4,046,949	\$4,047,528	\$579
Charges for Services	701,321	750,759	781,420	30,661
Fees, Licenses and Permits	1,300	1,285	1,438	153
Fines and Forfeitures	90,025	90,025	113,385	23,360
Intergovernmental	887,974	787,155	809,349	22,194
Interest	23,000	63,828	63,828	0
Other	40,255	87,288	95,600	8,312
<i>Total Revenues</i>	5,676,875	5,827,289	5,912,548	85,259
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	2,598,683	3,025,312	3,021,065	4,247
Judicial	797,242	793,237	786,537	6,700
Public Safety	1,323,935	1,931,131	1,929,902	1,229
Public Works	74,057	80,217	80,190	27
Health	175,930	204,365	203,370	995
Human Services	261,799	267,492	266,951	541
<i>Total Expenditures</i>	5,231,646	6,301,754	6,288,015	13,739
<i>Excess of Revenues Over (Under) Expenditures</i>	445,229	(474,465)	(375,467)	98,998
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	330,000	330,000
Advances In	0	0	40,000	40,000
Transfers Out	(159,000)	(260,130)	(259,477)	653
Advances Out	(25,000)	(33,998)	(50,543)	(16,545)
<i>Total Other Financing Sources (Uses)</i>	(184,000)	(294,128)	59,980	354,108
<i>Net Change in Fund Balance</i>	261,229	(768,593)	(315,487)	453,106
<i>Fund Balance at Beginning of Year</i>	680,475	680,475	680,475	0
<i>Fund Balance at End of Year</i>	\$941,704	(\$88,118)	\$364,988	\$453,106

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$869,587	\$869,587	\$1,285,472	\$415,885
Intergovernmental	1,017,413	953,752	1,251,187	297,435
Other	24,000	24,000	43,868	19,868
<i>Total Revenues</i>	<u>1,911,000</u>	<u>1,847,339</u>	<u>2,580,527</u>	<u>733,188</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Human Services	2,777,000	3,009,021	2,395,830	613,191
<i>Total Expenditures</i>	<u>2,777,000</u>	<u>3,009,021</u>	<u>2,395,830</u>	<u>613,191</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(866,000)</u>	<u>(1,161,682)</u>	<u>184,697</u>	<u>1,346,379</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(100,000)	(100,000)	(100,000)	0
<i>Total Other Financing Sources</i>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(966,000)	(1,261,682)	84,697	1,346,379
<i>Fund Balance at Beginning of Year</i>	<u>1,829,403</u>	<u>1,829,403</u>	<u>1,829,403</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$863,403</u></u>	<u><u>\$567,721</u></u>	<u><u>\$1,914,100</u></u>	<u><u>\$1,346,379</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$0	\$0	\$455,071	\$455,071
Intergovernmental	4,150,000	3,710,755	3,710,755	0
Other	500,000	455,071	0	(455,071)
<i>Total Revenues</i>	<u>4,650,000</u>	<u>4,165,826</u>	<u>4,165,826</u>	<u>0</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Human Services	4,750,000	4,586,217	4,142,378	443,839
<i>Total Expenditures</i>	<u>4,750,000</u>	<u>4,586,217</u>	<u>4,142,378</u>	<u>443,839</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(100,000)</u>	<u>(420,391)</u>	<u>23,448</u>	<u>443,839</u>
<b>Other Financing Sources:</b>				
Advances In	50,000	0	0	0
Transfers In	50,000	32,962	32,962	0
<i>Total Other Financing Sources</i>	<u>100,000</u>	<u>32,962</u>	<u>32,962</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(387,429)	56,410	443,839
<i>Fund Balance at Beginning of Year</i>	<u>387,429</u>	<u>387,429</u>	<u>387,429</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$387,429</u>	<u>\$0</u>	<u>\$443,839</u>	<u>\$443,839</u>

See accompanying notes to the basic financial statements



**Meigs County, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
Auto License and Gas Tax Fund  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	\$36,500	\$33,171	\$67,090	\$33,919
Fines and Forfeitures	11,000	11,000	18,284	7,284
Intergovernmental	3,646,100	3,645,957	4,848,824	1,202,867
Interest	10,000	10,000	15,815	5,815
<i>Total Revenues</i>	<u>3,703,600</u>	<u>3,700,128</u>	<u>4,950,013</u>	<u>1,249,885</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Public Works	5,209,000	5,073,021	5,155,747	(82,726)
<i>Total Expenditures</i>	<u>5,209,000</u>	<u>5,073,021</u>	<u>5,155,747</u>	<u>(82,726)</u>
<i>Net Change in Fund Balance</i>	(1,505,400)	(1,372,893)	(205,734)	1,167,159
<i>Fund Balance Beginning of Year</i>	<u>1,372,893</u>	<u>1,372,893</u>	<u>1,372,893</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$132,507)</u>	<u>\$0</u>	<u>\$1,167,159</u>	<u>\$1,167,159</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$501,372	\$501,372	\$591,173	\$89,801
Charges for Services	1,090,000	1,090,000	1,412,155	322,155
Intergovernmental	98,628	48,628	48,628	0
Other	0	0	1,149	1,149
<i>Total Revenues</i>	1,690,000	1,640,000	2,053,105	413,105
<b>Expenditures:</b>				
<i>Current:</i>				
Public Safety	1,690,000	1,943,139	1,936,232	6,907
<i>Total Expenditures</i>	1,690,000	1,943,139	1,936,232	6,907
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(303,139)	116,873	420,012
<i>Net Change in Fund Balance</i>	0	(303,139)	116,873	420,012
<i>Fund Balance Beginning of Year</i>	813,848	813,848	813,848	0
<i>Fund Balance End of Year</i>	\$813,848	\$510,709	\$930,721	\$420,012

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Fund		
	Rutland Sewer	All Other Enterprise Funds	Total
	_____	_____	_____
<b>Assets:</b>			
<i>Current Assets:</i>			
Accounts Receivable	\$48,545	\$24,747	\$73,292
Intergovernmental Receivable	7,595	0	7,595
Prepaid Items	695	219	914
<i>Total Current Assets</i>	56,835	24,966	81,801
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	174,333	0	174,333
Depreciable Capital Assets, Net	198,617	0	198,617
<i>Total Noncurrent Assets</i>	372,950	0	372,950
<i>Total Assets</i>	429,785	24,966	454,751
<b>Deferred Outflows of Resources</b>			
Pension	19,283	6,212	25,495
OPEB	4,255	1,372	5,627
<i>Total Deferred Outflows of Resources</i>	23,538	7,584	31,122
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	7,151	0	7,151
Accrued Wages and Benefits	3,968	1,239	5,207
Contracts Payable	20,940	6,890	27,830
Intergovernmental Payable	10,847	0	10,847
Accrued Interest Payable	2,211	0	2,211
Interfund Payable	271,841	45,514	317,355
OWDA Loans Payable - Current Portion	17,299	0	17,299
<i>Total Current Liabilities</i>	334,257	53,643	387,900
<i>Noncurrent Liabilities</i>			
<i>Long-Term Liabilities:</i>			
Due Within One Year	12,899	4,300	17,199
<i>Due In More Than One Year:</i>			
OWDA Loans Payable	433,948	0	433,948
Net Pension Liability	87,850	28,307	116,157
Net OPEB Liability	57,818	18,632	76,450
<i>Total Noncurrent Liabilities</i>	592,515	51,239	643,754
<i>Total Liabilities</i>	926,772	104,882	1,031,654
<b>Deferred Inflows of Resources</b>			
Pension	27,073	9,109	36,182
OPEB	8,045	3,443	11,488
<i>Total Deferred Inflows of Resources</i>	35,118	12,552	47,670
<b>Net Position:</b>			
Unrestricted	(508,567)	(84,884)	(593,451)
<i>Total Net Position</i>	(508,567)	(84,884)	(593,451)

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Fund		Total
	Rutland Sewer	All Other Enterprise Funds	
<b>Operating Revenues:</b>			
Charges for Services	\$244,018	\$142,834	\$386,852
Other	7,304	0	7,304
<i>Total Operating Revenues</i>	<u>251,322</u>	<u>142,834</u>	<u>394,156</u>
<b>Operating Expenses:</b>			
Personal Services	107,102	66,156	173,258
Fringe Benefits	4,276	634	4,910
Contractual Services	107,440	61,818	169,258
Materials and Supplies	43,710	0	43,710
Depreciation	15,278	0	15,278
Other	0	200	200
<i>Total Operating Expenses</i>	<u>277,806</u>	<u>128,808</u>	<u>406,614</u>
<i>Operating (Loss) Gain</i>	(26,484)	14,026	(12,458)
<b>Nonoperating Revenues/Expenses:</b>			
Intergovernmental	89,893	0	89,893
Other Non-Operating Revenue	0	30,000	30,000
Interest and Fiscal Charges	(4,481)	0	(4,481)
<i>Total Nonoperating Expenses</i>	<u>85,412</u>	<u>30,000</u>	<u>115,412</u>
<i>Change in Net Position</i>	58,928	44,026	102,954
<i>Net Position at Beginning of Year, as Restated</i>	<u>(567,495)</u>	<u>(128,910)</u>	<u>(696,405)</u>
<i>Net Position at End of Year</i>	<u><u>(\$508,567)</u></u>	<u><u>(\$84,884)</u></u>	<u><u>(\$593,451)</u></u>

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Fund	
	Rutland Sewer	All Other Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$246,864	\$143,656
Cash Received from Others	7,604	0
Cash Payments to Suppliers for Goods and Services	(157,673)	(61,697)
Cash Payments to Employees for Services and Benefits	(95,341)	(63,066)
Cash Payments for Other Expenses	0	(200)
<i>Net Cash Used for Operating Activities</i>	<u>1,454</u>	<u>18,693</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Other Non-Operating Receipts	0	30,000
Cash Received from Operating Grants	81,993	0
Interfund Cash Loans	(61,602)	(48,693)
Advances In	140,544	0
Advances Out	(40,000)	0
<i>Net Cash Used for Noncapital Financing Activities</i>	<u>120,935</u>	<u>(18,693)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Payments for Capital Acquisition	(100,685)	0
Principal Payments	(17,147)	0
Interest Payments	(4,557)	0
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>(122,389)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	0	0
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>0</u>	<u>0</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Meigs County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2018  
(Continued)

	Business-Type Activities Enterprise Fund	
	Rutland Sewer	All Other Enterprise Funds
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>		
Operating (Loss) Gain	(\$26,484)	\$14,026
<i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i>		
Depreciation	15,278	0
<i>Changes in Assets and Liabilities:</i>		
Increase in Accounts Receivable	2,541	822
Increase in Prepaid Items	361	133
Increase in Deferred Outflows	27,061	9,872
Increase in Accounts Payable	(26,858)	(6,769)
Increase in Contracts Payable	20,940	6,890
Increase in Accrued Wages and Benefits	2,628	776
Decrease in Compensated Absences Payable	(1,020)	(339)
Increase in Intergovernmental Payable	(995)	(344)
Decrease in Deferred Inflows	27,095	10,582
Increase in Net Pension Liability	(41,803)	(16,418)
Increase in Net OPEB Liability	2,710	(538)
Total Adjustments	27,938	4,667
<i>Net Cash Used for Operating Activities</i>	<u>\$1,454</u>	<u>\$18,693</u>

See accompanying notes to the basic financial statements

**Meigs County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2018*

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	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$1,763,573
Cash and Cash Equivalents in Segregated Accounts	647,826
Receivables:	
Taxes	18,308,820
Intergovernmental	<u>1,257,193</u>
<i>Total Assets</i>	<u><u>\$21,977,412</u></u>
<b>Liabilities:</b>	
Intergovernmental Payable	\$19,201,725
Undistributed Monies	<u>2,775,687</u>
<i>Total Liabilities</i>	<u><u>\$21,977,412</u></u>

See accompanying notes to the basic financial statements

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

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**NOTE 1 – REPORTING ENTITY**

Meigs County (the County), is a body politic and corporate established in 1819 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public service for the entire County.

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exercise direct operating control.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Meigs County, this includes all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) The County is able to significantly influence the programs or services performed or provided by the organization; or (2) The County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County. The County has the following blended component unit.

The Meigs County Transportation Improvement District (MCTID) is a legally separate entity pursuant to the Ohio Revised Code Section 5540.03(A)(1). The purpose of the MCTID is to improve the transportation system in Meigs County in order to contribute to the creation or preservation of jobs or employment opportunities or the improvement of economic welfare of the people within the area of the MCTID and to all the State. The Board of Trustees is appointed pursuant to the Ohio Revised Code Section 5540.02(C)(2). The Board of Trustees is made up of five voting members appointed by the Meigs County Commissioners, there are also two nonvoting members, one of which is appointed by the Speaker of the Ohio House of Representatives and the other is appointed by the president of the Ohio Senate. Separately issued financial statements can be obtained from the Meigs County Transportation Improvement District, Pomeroy, Ohio. The MCTID had no activity during 2018 and therefore no additional disclosures have been made.

**Separate Agencies**

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 listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following agencies is presented as agency funds within the County's financial statements:

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

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**NOTE 1 - REPORTING ENTITY (Continued)**

- The Meigs County District Board of Health is governed by a Board of Trustees which oversees the operation of the District and is elected by a regional advisory council comprised of township trustees, mayors of participating municipalities, and one County Commissioner. The District adopts its own budget and operates autonomously from the County. Funding is based on a tax levy, along with various state and federal grants applied for by the District.
- The Meigs County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision within the County. The five supervisors of the 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.
- Meigs County Family and Children First Council is controlled by an oversight committee. The chair of the County Commissioners serves on the committee. The County is the fiscal agent for the Council's monies.

**Other Organizations**

The County is also associated with certain organizations which are defined as jointly governed organizations, related organizations, as well as one public entity shared risk pool. These organizations are presented in Notes 19 and 20 to the basic financial statements. The organizations are as follows:

- Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services (ADAMH) Board
- Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District
- Gallia-Meigs Community Action Agency
- Buckeye Hills Regional Council
- Meigs County Park District
- Southern Ohio Council of Governments
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan
- Buckeye Hills Resource Conservation and Development Council (RC&D)
- Meigs County District Public Library
- Meigs County Metropolitan Housing Authority

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applies to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Meigs County (the County and the primary government) follows GASB guidance as applicable to its governmental and business-type activities. The most significant of the County's accounting policies are described below.

**A. Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements that provide a more detailed level of financial information.

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide Financial Statements** – The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

**B. Fund Accounting**

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

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

**General Fund** – This fund accounts for all financial resources except those that are 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Job and Family Services Fund** - This fund accounts for various federal and state grants used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of revenue are federal and state grants.

**Auto, License Gas Fund** – This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include charges for services and State grants and distributions.

**Board of Developmental Disabilities Fund** – This fund accounts for the operation of a school and resident homes for the developmentally disabled. Revenue sources include a County wide property tax levy and Federal and State grants. Disbursements are restricted by State statute and grant agreements to mental retardation and developmental disabilities programs.

**Emergency Medical Services (EMS) Fund** - The Emergency Medical Services Fund accounts for the monies associated with the operation of the County Emergency Medical Services department.

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

**Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The County did not have an internal service fund in 2018.

*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:

**Rutland Sewer Fund** –This fund accounts for sewer services provided to individual users in the Village of Rutland of the County.

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

The County’s fiduciary funds are agency funds. The County’s agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that should be collected on behalf of, and which will be distributed to, other political subdivisions.

**C. Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets, current liabilities, deferred inflows of resources, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and others financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fiduciary funds are prepared using the accrual basis of accounting. Agency funds, which are custodial in nature, do not measure results of operations and do not have a measurement focus.

**D. Basis of Accounting**

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

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. Revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under this basis, the following revenue sources are considered to be both measurable and available at fiscal year end: delinquent property taxes, sales taxes, state-levied shared taxes, and grants.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred Outflows and Deferred Inflows of Resources** - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide Statement of Net Position and include pension/OPEB expense. A deferral for pension results from changes in Net Pension Liability not recognized as a component of current year pension/OPEB expense. This amount is deferred and amortized over various periods as instructed by the pension/OPEB plan administrators. Deferred outflows of resources related to pension/OPEB are explained further in Note 13 and 14.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. The County reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the County these amounts consist of intergovernmental receivables, delinquent property taxes receivable which are not collected in the available period and pension. Property taxes for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as deferred inflows of resources. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes receivable and grants and entitlements not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Additionally, deferred inflows related to pension/OPEB are reported in the government-wide Statement of Net Position. Deferred inflows related to pension/OPEB result from changes in Net Pension Liability not recognized as a component of current year pension/OPEB expense. Deferred inflows of resources related to pension/OPEB are explained further in Note 13 and 14.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. On the modified accrual basis, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, provided current financial resources are to be used. As a result, compensated absences are not recorded as expenditures or liabilities until current financial resources are required. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 amounts that the County Commissioners may appropriate. The appropriation resolution is the Commissioners authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Commissioners. The legal level of control has been established by the Commissioners at the fund, function and object level within each department. The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**F. Cash, Cash Equivalents, and Investments**

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

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

During 2018, the County invested in certificates of deposit.

All interest revenue is reported in the General Fund except that specifically related to those funds deemed appropriate according to Board of County Commissioners' policy. For calendar year 2018, interest revenue amounted to \$81,624. The General Fund received \$65,809 and the Auto License and Gas Fund received \$15,815.

**G. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventory in governmental funds consists of expendable supplies held for consumption or use. The cost of inventory items is recorded as expenditure in the governmental funds when consumed or used.

**H. Restricted Assets**

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

**I. Receivables and Payables**

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities, which are presented as internal balances.

**K. Prepaid Items**

Payments to vendors for services that benefit periods beyond December 31, 2018 are recorded as prepaid items using the consumption method. Under the consumption method, a current asset is recorded for the prepaid amount and an expenditure/expense is recorded in the year in which the services are used or consumed.

**L. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government wide Statement of Net Position and in the respective fund financial statements.

All capital assets are capitalized at cost (determined by the valuation appraisal company hired by the County) and updated for additions and retirements during the year. Donated capital assets, donated works of art or similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges, and culverts. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 years
Improvements other than Buildings	5 - 10 years
Roads, Bridges, and Culverts (Infrastructure)	10-50 years
Furniture and Fixtures	10 years
Sewer and Water Lines (Infrastructure)	50 years
Machinery and Equipment	10 years
Vehicles	5 years



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end.

Compensated absences are accrued when incurred in the government-wide financial statements and in proprietary funds. A liability for these amounts is recorded in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

**N. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the enterprise fund financial statements. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in full from current financial resources as obligations of the funds. Bonds, loans and capital leases are recognized as a liability on the fund financial statements when due.

**O. Fund Balance**

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

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

**Restricted** – 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.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Assigned** – Amounts constrained by the County’s “intent” to be used for specific purposes, but are neither restricted nor committed. The County Commissioners have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

**P. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings related to the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position includes various grants and other resources restricted for various purposes. The County’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the County’s restricted net position, none are restricted by enabling legislation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for sewer services. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the fund. Revenues and expenses not matching these definitions are reported as non-operating revenues and expenses.

**R. Interfund Transactions**

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

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

**S. Pension/Other Postemployment Benefits (OPEB)**

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

**T. Estimates**

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Budget Basis) and Actual – are presented in the basic financial statements for the General Fund and major special revenue funds. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding encumbrances at year end are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Certain funds are reported as part of the General fund on a GAAP basis, but are not reported as part of the General fund on the Budget basis.

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

***Net Change in Fund Balance (Deficit)***  
***General and Major Special Revenue Funds***

	General	Board of Developmental Disability	Job and Family Services	Auto License and Gas	EMS
GAAP Basis	\$1,230,806	(\$79,923)	(\$316,513)	(\$872,353)	\$106,428
<i>Net Adjustments for:</i>					
Revenue Accruals	88,592	109,967	303,154	448,182	(15,966)
Expenditure Accruals	(142,229)	54,654	69,769	218,437	26,411
Other Sources (Uses)	210,281	0	0	0	0
<i>Perspective Difference:</i>					
Activity of Funds Reclassified For GAAP Reporting Purposes	(1,702,937)	0	0	0	0
Budget Basis	(\$315,487)	\$84,698	\$56,410	(\$205,734)	\$116,873

**NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2018, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishments*.

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

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**NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)**

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the County’s postemployment benefit plan disclosures, as presented in Note 14 to the basic financial statements, and added required supplementary information which can be found following these notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the County.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the County.

A net position restatement is required in order to implement GASB Statement No. 75. The governmental activities and business-type activities, as well as the Rutland Sewer and All Other Enterprise funds at January 1, 2018 have been restated below:

During 2018, the County elected to prepare financial statements using Generally Accepted Accounting Principles (GAAP). Therefore, prior period adjustments were necessary to restate the December 31, 2017 each basis balances to GAAP balances. The governmental activities and business-type activities, as well as all funds of the County have been restated as follows:

	Governmental Activities	Business-Type Activities
Net Position December 31, 2017	\$11,109,988	(\$307,107)
<i>Adjustments:</i>		
GAAP Accruals	16,312,271	(389,298)
Restated Net Position December 31, 2017	\$27,422,259	(\$696,405)

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

**NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)**

	<u>General</u>	<u>MCBDD</u>	<u>Job and Family Services</u>	<u>Auto License and Gas</u>	<u>EMS</u>	<u>All Other Government</u>
Fund Balance						
December 31, 2017	\$2,965,076	\$1,383,750	\$387,435	\$1,372,894	\$817,586	\$4,183,247
<i>Adjustments:</i>						
GAAP Accruals	<u>1,300,519</u>	<u>811,139</u>	<u>101,026</u>	<u>1,369,434</u>	<u>204,208</u>	<u>(1,104,788)</u>
Restated Fund Balance						
December 31, 2017	<u>\$4,265,595</u>	<u>\$2,194,889</u>	<u>\$488,461</u>	<u>\$2,742,328</u>	<u>\$1,021,794</u>	<u>\$3,078,459</u>

	<u>Rutland Sewer</u>	<u>All Other Enterprise</u>	<u>Total Enterprise</u>
Net Position December 31, 2017	(\$215,898)	(\$91,209)	(\$307,107)
<i>Adjustments:</i>			
GAAP Accruals	<u>(351,597)</u>	<u>(37,701)</u>	<u>(389,298)</u>
Restated Net Position December 31, 2017	<u>(\$567,495)</u>	<u>(\$128,910)</u>	<u>(\$696,405)</u>

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

**NOTE 5 – FUND DEFICIT**

**Fund Balance Deficits** - The following funds have a fund balance deficit as of December 31, 2018:

<b><u>Major Fund</u></b>	
Rutland Sewer	\$508,567
<b><u>Nonmajor Funds</u></b>	
Human Services	2,109
Board of Elections Revenue	21,532
Mediation Grant	5,686
Sheriff Overtime Grant	2,384
Prosecutor Vehicle	14
Diversion Grant	1,908
Sheriff Cruiser Grant	9,780
WIA	1,009
Community Correction PSI Grant	4,533
Animal Shelter Construction	2,208
County Capital	798,765
Rutland Water	84,884

These deficits are a result of the application of accounting principles generally accepted in the United States of America to the financial reporting of these funds. The General Fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

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

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies can be deposited or invested with certain limitations in the following instruments identified in section 135.35 of the Ohio Revised Code:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of 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 other obligations of 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, and government national mortgage association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, or the political subdivisions of Ohio, provided the bonds or other obligations of political subdivisions mature within ten years of the date of settlement;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value within certain limitations;
9. Up to forty percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10% of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the Federal Deposit Insurance Corporation (FDIC) when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.

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

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

10. Up to fifteen percent of the County's total average portfolio in high-grade notes issued by U.S. corporations, or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature no later than three years after purchase.
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity

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

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

At year-end, the County had \$5,551 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**Interest Rate Risk** The County's investment policy does not address interest rate risk. 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 intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** The Federal National Mortgage Association Note carried a credit rating by Moody's of Aaa. The County has no investment policy that would limit its investment choices other than the restrictions contained in State statute.

**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 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.



**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

**Concentration of Credit Risk** Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County places no limit on the amount it may invest in any one issuer.

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2017. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represents delinquent taxes outstanding and real and public utility taxes which were measurable and unpaid as of December 31, 2018. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2018 operations.

The full tax rate for all County operations for the year ended December 31, 2018, was \$16.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$318,474,360
Public Utility Personal Property	<u>72,025,430</u>
Total Property Taxes	<u>\$390,499,790</u>

**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 8 – TAX ABATEMENTS**

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or the citizens of the County. The County has entered into such agreements. A description of the County’s abatement programs where the County has promised to forego taxes follows:

**Community Reinvestment Area (CRA) Program**

The Ohio Community Reinvestment Area program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas (CRA) are areas of land in which property owners can receive tax incentives for investing in real property improvements. In order to use the Community Reinvestment program, a city, village, or county petitions to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once the area is confirmed by the Directory of ODSA, communities may offer real property tax exemptions to taxpayers that invest in that area.

The County determines the type of development to support by specifying the eligibility of residential, commercial and/or industrial projects. The County negotiates property tax exemptions on new property tax from investment for up to one hundred percent (100%) for up to fifteen years based on the amount of investments made to renovate or construct buildings within a CRA. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. For commercial projects, job retention and/or creation is also required. Agreements must be in place before the project begins. Provisions for recapturing property tax exemptions, which can be used at the discretion of the County, are pursuant to ORC Section 9.66(C)(1) and 9.66(C)(2).

A summary of the taxes foregone on the County’s abatement programs for the year ended December 31, 2018 as follows:

<u>Program</u>	<u>Tax Abated</u>	<u>Amount</u>
Community Reinvestment Areas	Property Tax	\$3,005

**NOTE 9 - PERMISSIVE SALES TAX**

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of the sales tax is 100 percent to the County’s General 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 the amount of the tax to be returned to the County to the Ohio Department of Budget and Management (OBM). The Tax Commissioner’s certification must be made within forty-five days after the end of each month. The OBM then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue for 2018 amounted to \$2,465,732 in the General Fund.

**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - RECEIVABLES**

Receivables at December 31, 2018 consisted of property taxes, sales taxes, accounts (billings for user charged services), internal balance, and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>Major Funds:</i>	
General	\$ 329,607
MCBDD	344,052
Job and Family Services	437,542
Auto License and Gas	2,189,027
EMS	24,392
 <i>Non Major Special Revenue Funds:</i>	
Indigent Drivers Alcohol	291
CDBG	425
Title VI-B Preschool	5,615
County Garage	115,834
Economic/Workforce Development	28,750
'911	14,022
Child Support Enforcement	137,731
4-E	21,347
Juvenile Court Grants	44,649
Victims Assist Grant	11,553
Diversion Grant	21,000
Juvenile Litter Control	15,000
Emergency Mangement	8,296
Pre-Disaster Mitigation	29,304
Children Services	153,838
WIA	31,836
Community Correction PSI	5,625
Total Non Major Special Revenue Funds	645,116
<b>Total Intergovernmental Receivable</b>	<b>\$3,969,736</b>

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

**NOTE 11 - CAPITAL ASSETS**

A summary of changes in general capital assets during 2018 were as follows:

	Restated Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$76,884	\$0	\$0	\$76,884
Total Nondepreciable Capital Assets	76,884	0	0	76,884
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	5,639,775	89,100	0	5,728,875
Machinery and Equipment	3,472,732	119,198	(67,314)	3,524,616
Furniture and Fixtures	30,791	0	0	30,791
Vehicles	3,659,532	565,782	0	4,225,314
Infrastructure	48,130,541	2,252,995	(1,703,137)	48,680,399
Total Depreciable Capital Assets	60,933,371	3,027,075	(1,770,451)	62,189,995
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(3,785,290)	(81,720)	0	(3,867,010)
Machinery and Equipment	(2,867,539)	(225,707)	67,314	(3,025,932)
Furniture and Fixtures	(25,771)	8,913	0	(16,858)
Vehicles	(2,775,186)	(271,102)	0	(3,046,288)
Infrastructure	(24,247,362)	(1,759,756)	1,680,637	(24,326,481)
Total Accumulated Depreciation	(33,701,148)	(2,329,372)	1,747,951	(34,282,569)
Total Depreciable Capital Assets, Net	27,232,223	697,703	(22,500)	27,907,426
Governmental Activities Capital Assets, Net	\$27,309,107	\$697,703	(\$22,500)	\$27,984,310

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

**NOTE 11 - CAPITAL ASSETS (Continued)**

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	Amount
<i>General Government:</i>	
Legislative and Executive	\$42,664
Judicial	17,262
Public Safety	175,866
Public Works	1,866,674
Health	131,738
Human Services	95,168
Governmental Activities Depreciation Expense	\$2,329,372

	Restated Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Business-Type Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Construction in Progress	\$73,648	\$100,685	\$0	\$174,333
Total Nondepreciable Capital Assets	73,648	100,685	0	174,333
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	611,128	0	0	611,128
Vehicles	20,000	0	0	20,000
Total Depreciable Capital Assets	631,128	0	0	631,128
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(397,233)	(15,278)	0	(412,511)
Vehicles	(20,000)		0	(20,000)
Total Accumulated Depreciation	(417,233)	(15,278)	0	(432,511)
Total Depreciable Capital Assets, Net	213,895	(15,278)	0	198,617
Business-Type Activities Capital Assets, Net	\$287,543	\$85,407	\$0	\$372,950

**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 12 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the County contracted with County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool for insurance coverage. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	Aggregate	Each Occurrence
General Liability	\$1,000,000	\$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	1,000,000	0
Property	51,389,739	2,500
Equipment Breakdown	100,000,000	2,500
Crime Coverage	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500
Uninsured/Under Insured Motorists	250,000	2,500

The County has established a limited risk health, dental, and vision insurance program for Engineer's Department employees. Business Administrators and Consultants, Inc. (BAC) serviced all claims submitted by employees of the Engineer's Department. Excess coverage insurance policies covered individual claims in excess of \$35,000 for BAC. All other County employees have coverage through The Health Plan.

**Self Insurance**

The County Highway Department is self-insured for health care. The Auto, License and Gas Fund pays covered claims to service providers, and recovers these costs from charges to highway employees. A comparison of Auto License and Gas Fund cash and investments to the actuarially-measured liability as of December 31, 2018 follows:

	2018
Cash and Investments	\$28,307
Actuarial Liabilities	263,726

Premiums are based on the insureds claim experience. Changes in the claim liability in 2018 are:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2018	\$129,000	\$1,878,710	\$1,634,182	\$373,528

For 2018, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

**NOTE 12 - RISK MANAGEMENT (Continued)**

No significant reductions in coverage noted in any of its insurance coverage from those maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability**

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

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

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

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

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

**A. Ohio Public Employees Retirement System (OPERS)**

**Plan Description** - County employees, who are not certified teachers with the school for developmental disabilities, 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.

**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b><u>Age and Service Requirements:</u></b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b><u>Age and Service Requirements:</u></b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b><u>Age and Service Requirements:</u></b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b><u>Formula:</u></b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b><u>Formula:</u></b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b><u>Formula:</u></b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b><u>Age and Service Requirements:</u></b> Age 52 with 15 years of service credit	<b><u>Age and Service Requirements:</u></b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b><u>Age and Service Requirements:</u></b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b><u>Formula:</u></b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b><u>Formula:</u></b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b><u>Formula:</u></b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.



**Meigs County, Ohio**  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2.0% greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required pension contributions to OPERS were \$966,044 for 2018. Of this amount, \$92,891 is reported as an intergovernmental payable.

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

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

	<b>OPERS</b>
Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.0622200%
Prior Measurement Date	0.0622050%
Change in Proportionate Share	0.000015%
 Proportion of the Net Pension Liability	 \$9,761,112
Pension Expense	\$1,663,844

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

**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

	<b>OPERS</b>
<b>Deferred Outflows:</b>	
Differences between expected and actual experience	\$9,969
Net difference between projected and actual earnings on pension plan investments	0
Changes of assumptions	1,166,519
Changes in proportion and differences between County contributions and proportionate share of contributions	4,157
County contributions subsequent to the measurement date	966,044
<b>Total Deferred Outflows of Resources</b>	<b>\$2,146,689</b>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$192,360
Net difference between projected and actual earnings on pension plan investments	2,095,582
Changes of assumptions	
Changes in proportion and differences between County contributions and proportionate share of contributions	24,822
<b>Total Deferred Inflows of Resources</b>	<b>\$2,312,764</b>

\$966,044 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<b>OPERS</b>
Year Ending December 31:	
2018	\$894,009
2019	(200,911)
2020	(922,783)
2021	(861,106)
<b>Total</b>	<b>(\$1,090,791)</b>

**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.

**Meigs County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

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

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

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

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

During 2017, OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

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

**Meigs County, Ohio**  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$17,333,248	\$9,761,112	\$3,448,232

**Changes between Measurement Date and Report Date**

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

**B. 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 <http://www.strsoh.org>.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change.

Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14.0% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before 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 year ended December 31, 2018, plan members were required to contribute 14.0% of their annual covered salary. The County was required to contribute 14.0%; the entire 14.0% was the portion used to fund pension obligations. The year 2018 contribution rates were equal to the statutory maximum rates.

**Meigs County, Ohio**  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

The County's contractually required pension contributions to STRS were \$52,949 for 2018. This entire amount has been contributed as of the end of the year.

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

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

	<b>STRS</b>
Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.00314091%
Prior Measurement Date	0.00249865%
Change in Proportionate Share	<u>0.00064226%</u>
Proportion of the Net Pension Liability	\$690,616
Pension Expense	\$41,194

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

	<b>STRS</b>
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$15,942
Changes of assumptions	122,390
Changes in proportion and differences between County contributions and proportionate share of contributions	91,283
County contributions subsequent to the measurement date	<u>27,374</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$256,989</u></b>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$4,511
Net difference between projected and actual earnings	41,879
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>76,245</u>
Total Deferred Inflows	<b><u>\$122,635</u></b>

\$27,374 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Meigs County, Ohio**  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

	<b>STRS</b>
Fiscal Year Ending June 30:	
2019	\$55,522
2020	36,115
2021	1,479
2022	13,864
<b>Total</b>	<b>\$106,980</b>

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Payroll Increases	3.00%
Investment Rate of Return	7.45%, net of investment expenses
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0.00% effective July 1, 2017

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

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

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

**Meigs County, Ohio**  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
County's proportionate share of the net pension liability	\$1,008,553	\$690,616	\$421,525



**NOTE 14 – DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability**

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

**A. Ohio Public Employees Retirement System (OPERS)**

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

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

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$0 for 2018. Of this amount, \$0 is reported as intergovernmental payable.

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

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

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

	<b>OPERS</b>
Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.0591600%
Prior Measurement Date	0.0593069%
Change in Proportionate Share	-0.000147%
Proportion of the Net OPEB Liability	\$6,424,342
OPEB Expense	\$498,921

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

	<b>OPERS</b>
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$5,005
Changes of assumptions	447,760
<b>Total Deferred Outflows of Resources</b>	<b>\$452,765</b>
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings	\$478,570
Changes in proportion and differences between County contributions and proportionate share of contributions	10,038
Total Deferred Inflows	<b>\$488,608</b>

No amounts reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>OPERS</b>
Fiscal Year Ending June 30:	
2019	\$111,186
2020	111,186
2021	(98,498)
2022	(119,641)
<b>Total</b>	<b>\$4,233</b>

**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.

**Meigs County, Ohio**  
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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

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

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

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

**Discount Rate**

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

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	\$8,535,013	\$6,424,342	\$4,716,827

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$6,146,724	\$6,424,342	\$6,711,110

**B. State Teachers Retirement System (STRS)**

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

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

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

	<b>STRS</b>
Proportionate Share of the Net OPEB Asset:	
Current Measurement Date	0.0031409%
Prior Measurement Date	0.0024987%
Change in Proportionate Share	0.000642%
Proportion of the Net OPEB Asset	(\$50,471)
Pension Expense	(\$105,654)

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

	<b>STRS</b>
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$5,895
Changes in proportion and differences between County contributions and proportionate share of contributions	22,887
<b>Total Deferred Outflows of Resources</b>	<b>\$28,782</b>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$2,941
Net difference between projected and actual earnings	5,767
Changes of assumptions	68,771
<b>Total Deferred Inflows</b>	<b>\$77,479</b>

No amounts reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

	<b>STRS</b>
Fiscal Year Ending June 30:	
2019	(\$9,000)
2020	(9,000)
2021	(9,001)
2022	(1,047)
2023	(10,559)
Thereafter	(10,090)
<b>Total</b>	<b>(\$48,697)</b>

**Actuarial Assumptions – STRS**

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	5.23 percent initial, 4 percent ultimate

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

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

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

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:



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

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

**Discount Rate**

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

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	(\$43,259)	(\$50,471)	(\$56,533)

  

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$56)	(\$50,471)	(\$44,662)

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

**NOTE 15 - DEBT OBLIGATIONS**

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

	Restated Outstanding at January 1, 2018	Additions	Deletions	Outstanding at December 31, 2018	Amount Due In One Year
<i><u>Governmental Activities:</u></i>					
<i>Loans Payable:</i>					
Farmers Bank 2011-2020 3.63%	\$14,895	\$0	\$6,228	\$8,667	\$6,460
Animal Shelter 2015-2024 3.45%	223,835	0	25,025	198,810	25,902
Med Flight 2015-2031 3.45%	454,120	0	27,521	426,599	28,486
<i>Other Long-Term Obligations:</i>					
Compensated Absences	955,972	433,575	469,101	920,446	567,989
Capital Leases	59,959	190,000	77,619	172,340	69,287
<i>Net Pension Liability:</i>					
OPERS	13,951,319	0	4,306,364	9,644,955	0
STRS	593,560	97,056	0	690,616	0
Total Net Pension Liability	<u>14,544,879</u>	<u>97,056</u>	<u>4,306,364</u>	<u>10,335,571</u>	<u>0</u>
<i>Net OPEB Liability:</i>					
OPERS	5,915,920	431,972	0	6,347,892	0
STRS	97,488	0	97,488	0	0
Total Net OPEB Liability	<u>6,013,408</u>	<u>431,972</u>	<u>97,488</u>	<u>6,347,892</u>	<u>0</u>
Governmental Activities Long-Term Obligations	<u>\$22,267,068</u>	<u>\$1,152,603</u>	<u>\$5,009,346</u>	<u>\$18,410,325</u>	<u>\$698,124</u>

The 2011 Farmer's Bank and Savings Company loan in the amount of \$55,681 was obtained to remodel a building or the Job and Family Service 'Jobs One-Stop' Renovation. Monies from the Debt Service Fund are used to repay this debt.

The County received a loan in 2015 in the amount of \$250,000 for construction of an animal shelter. As of December 31, 2015, the entire amount has been drawn. Monies from the Debt Service Fund will be used to repay this debt.

The County received a loan in 2015 in the amount of \$500,000 for the construction of a Med Flight building. As of December 31, 2016, the entire amount had been drawn. Monies from the Debt Service Fund are being used to repay this debt.

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

**NOTE 15 - DEBT OBLIGATIONS (Continued)**

	Restated Outstanding at January 1, 2018	Additions	Deletions	Outstanding at December 31, 2018	Amount Due In One Year
<i><u>Business-Type Activities:</u></i>					
<i>Loans Payable:</i>					
Rural Hardship EPA 2002-2022 0.00%	\$9,750	\$0	\$1,950	\$7,800	\$1,950
OWDA - Rutland Sewer 2012-2044 1.00%	429,578	0	14,233	415,345	14,376
OWDA - Rutland Water Purchase 2013-2044 1.00	29,066	0	964	28,102	973
<i>Other Long-Term Obligations:</i>					
Compensated Absences	18,558	5,438	6,797	17,199	17,199
Net Pension Liability - OPERS	174,378	0	58,221	116,157	0
Net OPEB Liability - OPERS	74,278	2,172	0	76,450	0
Business-Type Activities					
Long-Term Obligations	<u>\$735,608</u>	<u>\$7,610</u>	<u>\$82,165</u>	<u>\$661,053</u>	<u>\$34,498</u>

The Rural Hardship EPA Loan was obtained in 2002 in the amount of \$39,000 for additional capitalization of the Meigs County Grant/Loan Program. Rutland Sewer Enterprise Fund monies are used to repay this debt.

In 2012, 2013, and 2014 the County issued an OWDA loan in the amount of \$478,291 to purchase the Rutland Sewer System. Monies from the Rutland Sewer Enterprise Fund are used to pay this debt.

The County issued an OWDA loan in 2013 in the amount of \$32,361 to purchase the Rutland Water System. This debt is being repaid through the Rutland Water Enterprise Fund.

At December 31, 2018, the County's overall legal debt margin was \$7,628,313 with an unvoted debt margin of \$3,904,998.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The annual requirements to amortize debt and interest outstanding as of December 31, 2018, are as follows:

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

**NOTE 15 - DEBT OBLIGATIONS (Continued)**

	<u>Farmer's Bank - 95042</u>		<u>Animal Shelter</u>		<u>Med Flight</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$6,460	\$211	\$25,902	\$6,451	\$28,486	\$14,269
2020	2,207	17	26,793	5,560	29,446	13,309
2021	0	0	27,749	4,604	30,516	12,239
2022	0	0	28,721	3,632	31,586	11,169
2023	0	0	29,728	2,625	32,693	10,062
2024-2028	0	0	59,917	2,093	181,438	32,337
2029-2031	0	0	0	0	92,434	3,764
Total	<u>\$8,667</u>	<u>\$228</u>	<u>\$198,810</u>	<u>\$24,965</u>	<u>\$426,599</u>	<u>\$97,149</u>

	<u>Rural Hardship</u>	<u>OWDA Rutland Sewer</u>		<u>OWDA Rutland Water</u>	
	<u>EPA Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Purchase</u>	<u>Interest</u>
2019	\$1,950	\$14,376	\$4,117	\$973	\$279
2020	1,950	14,520	3,973	983	269
2021	1,950	14,665	3,828	992	259
2022	1,950	14,813	3,681	1,002	249
2023	0	14,961	3,532	1,012	239
2024-2028	0	77,085	15,381	5,215	1,041
2029-2033	0	81,027	11,440	5,481	775
2034-2038	0	85,170	7,296	5,764	494
2039-2043	0	89,527	2,940	6,058	200
2044	0	9,201	46	622	3
Total	<u>\$7,800</u>	<u>\$415,345</u>	<u>\$56,234</u>	<u>\$28,102</u>	<u>\$3,808</u>

**NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. New leases are, in substance, capital purchases and are recorded as current expenditures and proceeds from capital leases on the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2018.

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

**NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

For the Year Ended December 31,	Capital Lease Obligations
2019	\$78,622
2020	56,415
2021	56,415
2022	4,776
Total Minimum Lease Payments	196,228
Less: Amount Representing Interest	23,888
Present Value of Minimum Lease Payments	\$172,340

**NOTE 17 - INTERFUND ACTIVITY**

Interfund balances at December 31, 2018, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payables
General	\$1,307,379	\$4,205
Job and Family Services	0	15,576
EMS	0	5,770
Nonmajor Special Revenue Funds	0	964,473
Rutland Sewer	0	271,841
Nonmajor Enterprise Funds	0	45,514
Totals	\$1,307,379	\$1,307,379

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A summary of interfund transfers for 2018 were as follows:

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

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**NOTE 17 - INTERFUND ACTIVITY (Continued)**

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General Fund	\$0	\$233,349
Board of Dev. Disabilities Fund	0	100,000
Job and Family Services Fund	32,962	0
 <i>Non-Major Funds:</i>		
Other Governmental Funds	340,387	40,000
Total All Funds	\$373,349	\$373,349

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers from the General Fund were made to subsidize programs and retire debt. Transfers from the Meigs County Board of Developmental Disabilities Fund were made to a capital projects fund to use toward capital projects for the Board of DD.

**NOTE 18 - FUND BALANCES**

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

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

**NOTE 18 - FUND BALANCES (Continued)**

	General	MCBDD	Job and Family Services	Auto License and Gas	Emergency Medical Services	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>							
Materials & Supplies Inventory	\$28,263	\$529	\$9,864	\$20,547	\$1,599	\$0	\$60,802
Prepaid Items	47,967	36,614	61,795	9,575	11,784	9,435	177,170
Unclaimed Monies	172,822	0	0	0	0	0	172,822
Total Nonspendable	249,052	37,143	71,659	30,122	13,383	9,435	410,794
<i>Restricted:</i>							
Real Estate Assessment	0	0	0	0	0	979,909	979,909
Legislative and Executive	0	0	0	0	0	180,443	180,443
Law Enforcement	0	0	0	0	0	467,240	467,240
Public Safety	0	0	0	0	0	165,853	165,853
Public Works	0	0	0	0	0	108,276	108,276
Court Services	0	0	0	0	0	947,224	947,224
Human Services	0	0	0	0	0	247,906	247,906
Children Services	0	0	0	0	0	528,072	528,072
Child Support Enforcement	0	0	0	0	0	535,346	535,346
Community Development	0	0	0	0	0	35,791	35,791
Board of DD	0	2,077,823	0	0	0	0	2,077,823
Job and Family Services	0	0	100,289	0	0	0	100,289
Auto License and Gas	0	0	0	1,839,853	0	0	1,839,853
Emergency Medical Services	0	0	0	0	1,114,839	0	1,114,839
Other Federal and State Programs	0	0	0	0	0	39,058	39,058
Debt Service	0	0	0	0	0	17,065	17,065
Capital Projects	0	0	0	0	0	103,518	103,518
Total Restricted	0	2,077,823	100,289	1,839,853	1,114,839	4,355,701	9,488,505
<i>Committed:</i>							
Medicaid Sales Tax Transition	3,405,028	0	0	0	0	0	3,405,028
Total Committed	3,405,028	0	0	0	0	0	3,405,028
<i>Assigned:</i>							
Certificate of Title	282,118	0	0	0	0	0	282,118
County Recorder Equipment	16,916	0	0	0	0	0	16,916
Total Assigned	299,034	0	0	0	0	0	299,034
<i>Unassigned</i>	1,543,287	0	0	0	0	(850,425)	692,862
Total Fund Balances	\$5,496,401	\$2,114,966	\$171,948	\$1,869,975	\$1,128,222	\$3,514,711	\$14,296,223

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services (ADAMH) Board**

The ADAMH Board is a jointly governed organization. Participants are Gallia, Jackson and Meigs counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by fourteen members. Board members are appointed by the Board's Director and the legislative authorities as well as citizens of the Board. Those subdivisions are Gallia, Jackson, and Meigs Counties. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting, and management.

All of the Board's revenue is from state and federal grants awarded to the multi-county board. Gallia County serves as the fiscal agent for the Board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2018, the County made no contributions to the Board.

**Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District**

The County is a member of a multi-county Joint Solid Waste Management District (District), which is a jointly governed organization involving Gallia, Jackson, Vinton, and Meigs counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the District. The District's only revenue source is a waste disposal fee for in-district and out-of-district waste.

A twenty-five member policy committee, comprised of six members from each County and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists.

**Gallia-Meigs Community Action Agency**

The Gallia-Meigs Community Action Agency is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered and implemented by the Community Action Agency. The County is the fiscal agent of the grant, but the grants are used by the Community Action Agency to improve low income family housing in Gallia County. Community Action contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board exercises total control of the budgeting, appropriation, contracting and management. 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.



**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. In 2018, the County paid \$32,598 to the Agency for services provided to the County.

**Buckeye Hills Regional Council**

The Buckeye Hills Regional Council serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The Council is governed by a fifteen member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The Council administers grant monies. During 2018, the Council received \$2,377 in administrative fees from Meigs County. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists.

**Meigs County Park District**

Meigs County Park District, Meigs County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a Board of Commissioners appointed by the probate judge of Meigs County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these as the Board deems conducive to the general welfare.

**Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Meigs County Board of Developmental Disabilities' supportive living program monies. As of December 31, 2018, the County had no funds on hand with the Council. Financial statements can be obtained from the Council at 17273 St. Rt. 104, Building 8, Chillicothe, Ohio 45601.

**Buckeye Hills Resource Conservation and Development Council (RC&D)**

RC&D is a 501 (c) (3) non-profit entity, serving a nine county region in southeastern Ohio including Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Council was created to identify and solve problems in rural communities including human, economic, natural resources and environmental issues. The RC&D is sponsored by the Boards of County Commissioners and the Soil and Water Conservation Districts in the nine counties, along with the Muskingum Watershed Conservancy District and the Rush Creek Conservancy District. The governing body of RC&D is the Executive Council, made up of 29 members that include three representatives from each county and one representative from each conservancy district. The Executive Council exercises total control over the operations of RC&D including budgetary, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Executive Council. During 2018, the Council received \$400 in administrative fees from Meigs County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

**NOTE 20 - RELATED ORGANIZATIONS**

**Meigs County District Public Library**

The Meigs County District Public Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. Due process is required to remove board members. The County provides no contributions of its own to the library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend upon the County for operational subsidies.

**Meigs County Metropolitan Housing Authority**

The Meigs County Metropolitan Housing Authority is a political subdivision of the State of Ohio, created under Section 3735.01 of the Ohio Revised Code for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives. The Authority is operated by a five member board. Two board members are appointed by the Village of Pomeroy, one member is appointed by the Probate Court Judge, one member is appointed by the Common Pleas Court Judge, and one member is appointed by the County Commissioners. The Authority receives funding from the U.S. Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in its management or operation. The County is not financially accountable for the Authority.

**NOTE 21 - PUBLIC ENTITY SHARED RISK POOL**

**County Commissioners Association of Ohio Workers' Compensation Group Rating Plan**

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

**NOTE 22 - CONTINGENCIES**

**Grants**

The County received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the County at December 31, 2018, if applicable, cannot be determined at this time.

**NOTE 22 – CONTINGENCIES (Continued)**

**Litigation**

The County is currently party to legal proceedings. However, it is the opinion of management that any results of such proceedings will not have a material adverse effect on the County's financial condition.

**NOTE 23 – SUBSEQUENT EVENTS**

In fiscal year 2017, the County was approved for the Rutland Sewer Project for Community Infrastructure. This project includes \$250,000 in Appalachian Regional Commission funding as well as \$3,055,000 in other funding. The grantor is expecting to obtain the remaining required information by the end of July 2018 to begin the project.

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

	2018	2017	2016	2015	2014
<i><u>Pension</u></i>					
County's Proportion of the Net Pension Liability	0.06222000%	0.06220500%	0.06197500%	0.06158800%	0.06158800%
County's Proportionate Share of the Net Pension Liability	\$9,761,112	\$14,125,698	\$10,734,851	\$7,428,201	\$7,260,423
County Covered-Employee Payroll	\$8,814,064	\$7,872,082	\$8,346,781	\$7,782,781	\$7,265,447
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	110.74%	179.44%	128.61%	95.44%	99.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
<i><u>OPEB</u></i>					
County's Proportion of the Net OPEB Liability	0.05916000%	0.05930690%	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Liability	\$6,424,342	\$5,990,198	N/A	N/A	N/A
County Covered-Employee Payroll	\$8,814,064	\$7,872,082	N/A	N/A	N/A
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	72.89%	76.09%	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%	N/A	N/A	N/A

(1)Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available for pension and information Prior to 2017 is not available for OPEB. An additional column will be added each year. Amounts presented as of the County's measurement date which is the prior year.

See accompanying notes to the required supplementary information.

**Meigs County, Ohio**  
*Required Supplementary Information*

*Schedule of the County's Proportionate Share of Net Pension/OPEB Asset and Liability*  
*State Teachers Retirement System of Ohio*  
*Last Six Years (1)*

	Fiscal 2018	Fiscal 2017
<u><i>Pension</i></u>		
County's Proportion of the Net Pension Liability	0.00314091%	0.00249865%
County's Proportionate Share of the Net Pension Liability	\$690,616	\$593,560
County Covered-Employee Payroll	\$378,207	\$321,317
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	182.60%	184.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%
<u><i>OPEB</i></u>		
County's Proportion of the Net OPEB Liability	0.00314091%	0.00249865%
County's Proportionate Share of the Net OPEB Asset	\$50,471	\$0
County's Proportionate Share of the Net OPEB Liability	\$0	\$97,488
County Covered-Employee Payroll	\$378,207	\$321,317
County's Proportionate Share of the Net OPEB Asset/Liability as a Percentage of its Covered-Employee Payroll	-13.34%	30.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.11%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available for pension and information prior to 2017 is not available for OPEB. An additional column will be added each year.

Amounts presented as of the County's measurement date which is the prior fiscal year.  
See accompanying notes to the required supplementary information.

Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
0.00293749%	0.00262007%	0.00260077%	0.00260077%
\$983,266	\$724,272	\$632,597	\$753,546
\$242,347	\$275,322	\$286,497	\$238,732
405.73%	263.06%	220.80%	315.65%
72.09%	74.71%	69.30%	69.30%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

**Meigs County, Ohio**  
*Required Supplementary Information*  
*Schedule of County Pension Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Six Years(1)*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i><u>OPERS - Law Enforcement</u></i>			
Contractually Required Contribution	\$70,451	\$165,055	\$143,694
Contributions in Relation to the Contractually Required Contribution	<u>(70,451)</u>	<u>(165,055)</u>	<u>(143,694)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$389,232	\$965,236	\$892,511
Contributions as a Percentage of Covered-Employee Payroll	18.10%	17.10%	16.10%
<i><u>OPERS - All Others</u></i>			
Contractually Required Contribution	\$895,593	\$1,020,348	\$837,550
Contributions in Relation to the Contractually Required Contribution	<u>(895,593)</u>	<u>(1,020,348)</u>	<u>(837,550)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$6,397,093	\$7,848,828	\$6,979,581
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	12.00%

(1)Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available for pension .

See accompanying notes to the required supplementary information.



<u>2015</u>	<u>2014</u>	<u>2013</u>
\$138,388	\$120,146	\$112,025
<u>(138,388)</u>	<u>(120,146)</u>	<u>(112,025)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$859,551	\$746,250	\$655,117
16.10%	16.10%	17.10%
\$898,468	\$844,384	\$859,343
<u>(898,468)</u>	<u>(844,384)</u>	<u>(859,343)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,487,230	\$7,036,531	\$6,610,330
12.00%	12.00%	13.00%

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**Meigs County, Ohio**  
*Required Supplementary Information*  
*Schedule of County OPEB Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Three Years (1)*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i><u>OPERS - Law Enforcement</u></i>			
Contractually Required Contribution	\$0	\$9,652	\$17,850
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(9,652)</u>	<u>(17,850)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$673,227	\$965,236	\$892,511
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.00%	2.00%
<i><u>OPERS - All Others</u></i>			
Contractually Required Contribution	\$0	\$78,488	\$139,592
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(78,488)</u>	<u>(139,592)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$8,313,464	\$7,848,828	\$6,979,581
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.00%	2.00%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.  
See accompanying notes to the required supplementary information.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i><u>Pension</u></i>				
Contractually Required Contribution	\$52,949	\$44,984	\$33,929	\$38,545
Contributions in Relation to the Contractually Required Contribution	<u>(52,949)</u>	<u>(44,984)</u>	<u>(33,929)</u>	<u>(38,545)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$378,207	\$321,317	\$242,347	\$275,322
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
<i><u>OPEB</u></i>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$378,207	\$321,317	\$242,347	\$275,322
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$37,245	\$31,035	\$33,752	\$36,619	\$40,466	\$41,280
<u>(37,245)</u>	<u>(31,035)</u>	<u>(33,752)</u>	<u>(36,619)</u>	<u>(40,466)</u>	<u>(41,280)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$286,497	\$238,732	\$259,632	\$281,687	\$311,277	\$317,537
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$2,865	\$2,387	\$2,596	\$2,817	\$3,113	\$3,175
<u>(2,865)</u>	<u>(2,387)</u>	<u>(2,596)</u>	<u>(2,817)</u>	<u>(3,113)</u>	<u>(3,175)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$286,497	\$238,732	\$259,632	\$281,687	\$311,277	\$317,537
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**Meigs County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the year ended December 31, 2018*

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**Changes in Assumptions – OPERS Pension**

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

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

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

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

**Meigs County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the year ended December 31, 2018*

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**Changes in Assumptions – STRS Pension**

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

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

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

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

**Changes in Assumptions – OPERS OPEB**

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

**Changes in Assumptions – STRS OPEB**

For 2018, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

**Changes in Benefit Terms – STRS OPEB**

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

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MEIGS COUNTY

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Job and Family Services</i>				
SNAP Cluster:				
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5776	\$0	\$181,649
Total SNAP Cluster			0	181,649
<i>Passed Through Ohio Department Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	2018/2019	0	1,014
Cash Assistance				
School Breakfast Program	10.553	2018/2019	0	9,416
National School Lunch Program	10.555	2018/2019	0	14,087
Total Child Nutrition Cluster			0	24,517
Total U.S. Department of Agriculture			0	206,166
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Ohio Development Services Agency:</i>				
Community Development Block Grants - State's Program	14.228	B-F-15-1-BW-1	0	3,923
Total U.S. Department of Housing and Urban Development			0	3,923
<b>U.S. DEPARTMENT OF INTERIOR</b>				
<i>Passed Through Ohio Department of Natural Resources:</i>				
Payments in Lieu of Taxes	15.226	N/A	0	704
Total U.S. Department of Interior			0	704
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed Through Ohio Office of the Attorney General:</i>				
Crime Victim Assistance	16.575	2019-VOCA132133079	0	14,460
Crime Victim Assistance	16.575	2018-VOCA109857655	0	39,742
Crime Victim Assistance	16.575	2018-VOCA128519038	0	987
Crime Victim Assistance	16.575	2018-VOCA130291686	0	461
Crime Victim Assistance	16.575	2018-VOCA130291626	0	10,122
Crime Victim Assistance	16.575	2019-VOCA132133075	0	5,941
Total U.S. Department of Justice			0	71,713
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed Through Ohio Department of Job and Family Services</i>				
Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIOA Adult Program	17.258	G-1819-11-5776/G-1819-15-0206	0	46,118
WIOA Youth Activities	17.259	G-1819-11-5776/G-1819-15-0206	0	101,226
WIOA Dislocated Workers Formula Grant	17.278	G-1819-11-5776/G-1819-15-0206	0	69,889
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			0	217,233
Total U.S. Department of Labor			0	217,233
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	PID #103460	0	1,120
Highway Planning and Construction	20.205	PID#106956	0	2,895
Highway Planning and Construction	20.205	PID#103675	0	152,016
Highway Planning and Construction	20.205	PID#108362	0	42,329
Total Highway Planning and Construction Cluster			0	198,360
Total U.S. Department of Transportation			0	198,360

MEIGS COUNTY

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster				
Special Education-Grants to States	84.027	2018	0	22,065
Special Education- Preschool Grants	84.173	2018	0	8,803
Total Special Education Cluster			0	30,868
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Special Education - Grants for Infants and Families	84.181	N/A	0	44,966
Total U.S. Department of Education			0	75,834
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services:</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	0	1,111
Social Services Block Grant				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	93.667	1801OHSOSR	0	19,894
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Social Services Block Grant	93.667	G-1819-11-5776	49,078	567,604
Total Social Services Block Grant			49,078	587,498
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Medicaid Cluster:				
Medical Assistance Program	93.778	G-1819-11-5776	0	551,334
Total Medicaid Cluster			0	551,334
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families Grant	93.556	G-1819-11-5776	0	29,842
<i>Passed Through Ohio Family and Children First Council:</i>				
Promoting Safe and Stable Families Grant	93.556	5AU-18-C0053	0	18,355
Total Promoting Safe and Stable Families Grant			0	48,197
<i>Passed Through Ohio Department of Job and Family Services:</i>				
TANF Cluster:				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1819-11-5776	43,939	1,164,308
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1617-11-5550	0	300,634
Total TANF Cluster			43,939	1,464,942
Child Support Enforcement	93.563	G-1819-11-5776	0	246,320
Child Support Enforcement	93.563	G-1617-11-5550	0	511
Total Child Support Enforcement			0	246,831
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G-1819-11-5776	0	62,016
Total CCDF Cluster			0	62,016
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5776	0	32,067
<i>Passed Through Ohio Family and Children First Council:</i>				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-18-C0053	0	2,268
Total Stephanie Tubbs Jones Child Welfare Services Program			0	34,335

MEIGS COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Foster Care - Title IV-E	93.658	G-1819-11-5776	0	178,613
Adoption Assistance	93.659	G-1819-11-5776	0	6,963
Chafee Foster Care Independence Program	93.674	G-1819-11-5776	0	5,032
Total U.S. Department of Health and Human Services			<u>93,017</u>	<u>3,186,872</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4360-OH	0	162,737
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4360-DR-105-99105-01	0	5,696
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			0	168,433
Emergency Management Performance Grant	97.042	EMC-2018-EP-00008-S01	0	30,392
Emergency Management Performance Grant	97.042	EMC-2017-EP-00006-S01	0	18,985
Total Emergency Management Performance Grant			0	49,377
Total U.S. Department of Homeland Security			<u>0</u>	<u>217,810</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>				
<i>Direct from Federal Government</i>				
Section 594 Ohio Environmental Infrastructure Program	12.XXX	N/A	0	139,810
Total U.S. Department of Defense			0	139,810
<b>Total Expenditures of Federal Awards</b>			<u><u>\$93,017</u></u>	<u><u>\$4,318,425</u></u>

The accompanying notes are an integral part of this Schedule.

## MEIGS COUNTY

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

#### NOTE A – BASIS OF PRESENTATION

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

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

#### NOTE C – INDIRECT COST RATE

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

#### NOTE D - SUBRECIPIENTS

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

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

#### NOTE E - 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 Government assumes it expends federal monies first.

#### NOTE F – FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

#### NOTE G - MATCHING REQUIREMENTS

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

# OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Meigs County  
100 E. Second Street  
Pomeroy, Ohio 45769

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Meigs County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 23, 2020, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions and elected to prepare financial statements using Generally Accepted Accounting Principles (GAAP) as opposed to the prior used cash-basis. We qualified our opinion on Governmental Activities, Business-Type Activities, and Major Rutland Sewer Fund because management has not established an adequate method of recording capital assets.

### ***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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2018-003 and 2018-004 to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2018-001 through 2018-003.

### ***County's Response to Findings***

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

### ***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

January 23, 2020

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## 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

Meigs County  
100 E. Second Street  
Pomeroy, Ohio 45769

To the Board of County Commissioners:

### ***Report on Compliance for each Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Meigs County, Ohio complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

January 23, 2020



**MEIGS COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Qualified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b> <ul style="list-style-type: none"> <li>• Temporary Assistance for Needy Families (TANF) State Programs – CFDA #93.558</li> <li>• Social Services Block Grant – CFDA #93.667</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2018-001**

**Noncompliance**

**Ohio Rev. Code § 325.071** provides, in part, there shall be allowed annually to the Sheriff, in addition to all salary and allowances otherwise provided by law, an amount equal to one-half of the official salary allowed under division (A) of Ohio Rev. Code § 325.06 and § 325.18, to provide for expenses that the Sheriff incurs in the performance of the sheriff's official duties and in the furtherance of justice. Upon the order of the Sheriff, the County Auditor shall draw the auditor's warrant on the county treasurer, payable to the Sheriff or any other person as the order designates, for the amount the order requires. The amounts the order requires, not exceeding the amount provided by this section, shall be paid out of the General Fund of the County. The Sheriff annually, before the first Monday of January, shall file with the County Auditor an itemized statement, verified by the Sheriff, as to the manner in which the fund provided by this section has been expended during the current year, and, if any part of that fund remains in the Sheriff's hands unexpended, forthwith shall pay the remainder into the County treasury.

**MEIGS COUNTY**

**SCHEDULE OF FINDINGS**

**2 CFR § 200.515**

**DECEMBER 31, 2018**

**(Continued)**

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

**FINDING NUMBER 2018-001 (Continued)**

**Noncompliance - Ohio Rev. Code § 325.071 (Continued)**

The Sheriff's Furtherance of Justice (FOJ) account included two expenditures totaling \$6,464 which were paid to the Sheriff's Law Enforcement Trust Fund (LETF) account to reimburse expenditures. However, the expenditures had already been reimbursed to the LETF by the County General Fund. As such, the expenditure from the FOJ was unallowable and should have been subjected to the requirement to return all unspent FOJ monies to the County General Fund at year end.

As a result of the foregoing facts, a Finding for Adjustment is hereby issued against the Sheriff's LETF Fund and in favor of the County's General Fund in the amount of \$6,464. The Sheriff's LETF account has not paid this adjustment to the County records and, therefore, this adjustment is not reflected in the accompanying financial statements.

The Sheriff should only pay the expenditures from the LETF and FOJ as needed. If any part of the FOJ funding remains in the Sheriff's hands unexpended at year end, he should forthwith pay the remainder into the County treasury.

**Official's Response:** The County Auditor will hold the 2020 FOJ check until the Sheriff's 2019 report has been filed.

**FINDING NUMBER 2018-002**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Auditor is attached thereto. The Auditor must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. There are several exceptions to the standard requirement stated above that an Auditor's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in § § 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the Auditor can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by approval vote. Amounts of less than \$100 may be paid by the Auditor without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

**MEIGS COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2018**  
**(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-002 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

2. Blanket Certificate - Auditor's may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
  
3. Super Blanket Certificate - The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Auditor for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

During our test for unrecorded encumbrances at year end, we noted the County did not properly encumber or use a "then and now" certificate for a projected 80 percent of the obligations existing at December 31, 2018 and paid in 2019. Failure to properly certify the availability of funds for obligations existing at year end can result in overstated available fund balances on which management is basing financial decisions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is key control in the disbursement process to assure that purchase commitments receive prior appropriation prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, the Auditor should certify that all funds are or will be available prior to obligation by the County.

The County should certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Auditor should sign the certification at the time the County incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response: Due to the misinterpretation of the Then and Now's, we are having the Commissioner's do a resolution that all bill's over \$1,000 that did not have a purchase order in place at the time of purchase will require a Then & Now. Also all bills regardless of their amount will require a purchase order.

MEIGS COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2018

(Continued)

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

FINDING NUMBER 2018-003

Noncompliance and Material Weakness

**Ohio Admin. Code § 117-2-02 (D)(4)(c)** states, in part, all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

The following deficiencies were noted regarding the County's capital asset records:

- County departments responsible for purchasing, maintaining and/or disposing of capital assets were not required to communicate necessary asset data to the Auditors Office, including original cost, acquisition date, voucher number, asset description, location, and identification code(s);
- Detailed records of cost and accumulated depreciation of capital assets were not maintained,
- Capital Assets Accumulated Depreciation were not correctly listed,
- Capital Assets were misclassified causing errors in cost, depreciation expense, and accumulated depreciation,
- Capital Asset Land records were incomplete. We found various land parcels owned by the County which were not on the County's Capital Asset listing,
- Capital Asset Infrastructure amounts incorrectly calculated causing misstatements,
- Capital Assets were not put on the Capital Assets Listing at cost and at the proper acquisition date,
- Capital Assets under the capitalization threshold were included in asset listing,
- Capital Assets sold/donated were not timely taken off the capital asset listing.

We were unable to determine during audit if the Nondepreciable Capital Assets and Depreciable Capital Assets, Net of Depreciation, agreed to actual capital assets on hand, less accumulated depreciation as needed, at December 31, 2018; therefore, we were unable to obtain sufficient appropriate audit evidence to support the \$76,884 and \$174,333 Nondepreciable Capital Assets and \$27,907,426 and \$198,617 Depreciable Capital Assets, Net of Depreciation reported in Governmental Activities and Business-Type Activities/Rutland Sewer, respectively.

The County should implement policies and procedures to verify that capital asset records are complete and accurate. The capital asset records should be timely updated as assets are acquired and/or are disposed. Further, the County should perform a complete physical inventory to determine the historical cost or estimated historical cost and corresponding accumulated depreciation of each existing capital asset. The results of this physical inventory should be recorded in the County's capital asset management system which would enable the County to determine the value of assets and accumulated depreciation as of December 31, 2018. Failure to maintain required capital asset records could lead to material weaknesses and modified audit opinions in future engagements.

**Official's Response:** The County is working with each Department to ensure they are maintaining capital asset additions, deletions and construction in progress records.

**MEIGS COUNTY**

**SCHEDULE OF FINDINGS**

**2 CFR § 200.515**

**DECEMBER 31, 2018**

**(Continued)**

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

**FINDING NUMBER 2018-004**

**Material Weakness**

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

The County's financial statements included several mispostings. As a result, the following adjustments were required:

- Interfund Receivable/Payable omitted \$777,613 of valid receivables/payables resulting in an adjustment to increase Interfund Receivables in the General Fund (A00) and increase Interfund Payables in the COUNTY CAPITAL Fund (Q58) by \$798,765, respectively.
- The County incorrectly recorded Accounts Receivable in the Auto, License, and Gas Fund relating to self-insurance. However, no separate fund was established for self-insurance until 2019 resulting in a decrease in Accounts Receivable and Other revenues in the Auto License, and Gas Fund of \$800,000. Further, Claims Payable was understated in the Auto License and Gas Fund resulting in an increase in Claims Payable and Public Works of \$263,726.
- In the Board of Elections Fund (B47), there was a projected overstatement of \$138,075 in Intergovernmental Receivable, \$7,430 Intergovernmental Revenue, and \$130,645 Deferred Inflows requiring adjustment.
- In Governmental Activities, the County used an incorrect proportionate share percentage in its OPEB calculation requiring adjustment as:
  - Net OPEB Liability was overstated by \$772,360,
  - Deferred Outflows were overstated by \$553,789,
  - Deferred Inflows were overstated by \$53,291,
  - Legislative and Executive expenditures were overstated by \$42,171,
  - Judicial expenditures were overstated by \$29,155,
  - Public Safety expenditures were overstated by \$53,709,
  - Public Works expenditures were overstated by \$41,079,
  - Health expenditures were overstated by \$42,342, and
  - Human Services expenditures were overstated by \$110,810.

**MEIGS COUNTY**

**SCHEDULE OF FINDINGS**

**2 CFR § 200.515**

**DECEMBER 31, 2018**

**(Continued)**

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

**FINDING NUMBER 2018-004 (Continued)**

**Material Weakness (Continued)**

- In Governmental Activities, the County improperly calculated the Net Pension Liability requiring adjustment as:
  - Net Pension Liability was understated \$273,
  - Deferred Outflows were overstated \$348,485,
  - Deferred Inflows were understated \$15,930,
  - Legislative and Executive expenditures were overstated by \$58,470,
  - Judicial expenditures were overstated by \$40,423,
  - Public Safety expenditures were overstated by \$74,767,
  - Public Works expenditures were overstated by \$56,957,
  - Health expenditures were overstated by \$58,707, and
  - Human Services expenditures were overstated by \$153,638.
- In Governmental Activities, the County improperly calculated and recorded capital asset amounts requiring adjustment as:
  - Depreciable Capital Assets at December 31, 2017 for Furniture and Fixtures, Buildings and Improvements, and Infrastructure were overstated by \$1,865,060, \$1,056,535, and \$5,004,687 respectively.
  - Depreciable Capital Assets at December 31, 2017 for Machinery and Equipment were understated \$1,409,289.
  - Accumulated Depreciation at December 31, 2017 for Furniture and Fixtures, Buildings and Improvements, and Infrastructure was overstated by \$831,150, \$21,530, and \$5,820,979, respectively. Accumulated Depreciation for Machinery and Equipment and Vehicles were understated by \$1,047,683 and \$207,359, respectively.
  - 2018 Furniture and Fixture additions were overstated by \$46,837 and Machinery and Equipment additions were understated by \$46,837.
  - 2018 Infrastructure additions and the corresponding expense were understated \$1,603,252.
  - 2018 Depreciation recorded in Health expenditures was understated \$18,684. Depreciation recorded in Public Works and Public Safety was overstated \$66,288 and \$7,604, respectively.
- Intergovernmental and Other revenues in the Rutland Sewer Fund were incorrectly posted as Charges for Services revenues, resulting in a reclassifying adjustment decreasing Charges for Services by \$19,240 and increasing Intergovernmental and Other revenues by \$12,700 and 6,540, respectively.
- Construction in Progress at December 31, 2017 in the Rutland Sewer Fund was understated by \$34,523 requiring adjustment. Construction in Progress at December 31, 2017 in Business-Type Activities was understated by \$73,648 requiring adjustment. Construction in Progress at December 31, 2018 in Business-Type Activities was overstated by \$39,125 requiring adjustment.

MEIGS COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2018

(Continued)

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

**FINDING NUMBER 2018-004 (Continued)**

**Material Weakness (Continued)**

- In Rutland Sewer Fund and Business-Type Activities, the County improperly calculated the Net Pension Liability requiring adjustment as:
  - Net Pension Liability was overstated by \$200,
  - Deferred Outflows were overstated by \$2,678,
  - Deferred Inflows were understated by \$1,631, and
  - Fringe Benefits were overstated by \$5,210.
- In Rutland Sewer Fund and Business-Type Activities, the County improperly calculated the OPEB Liability requiring adjustment as:
  - Net OPEB Liability was overstated by \$7,185,
  - Deferred Outflows were overstated by \$4,149,
  - Deferred Inflows were understated by \$3,203, and
  - Fringe Benefits were overstated by \$4,289.

In addition to the mispostings identified above, the County's Notes to the Basic Financial Statements also required material adjustment. These misstatements, along with other immaterial items the County opted to post, were caused by confusion over proper recording and a lack of management oversight. As a result, significant adjustments with which the County's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure the County's financial statements and notes to the financial statements are complete and accurate, the County Auditor should review revenues and expenditures periodically and at year end to ensure amounts have been properly recorded. Further, the County should review the basic financial statements compiled by their contracted Independent Public Accounting firm prior to filing those statements in the Hinkle System. In addition, Capital Asset records should be reviewed for accuracy and completeness.

**Official's Response:** The County is working with each Department to ensure they are correctly coding items to avoid posting errors in the future.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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OFFICE OF  
**MEIGS COUNTY COMMISSIONERS**

---

**Randy Smith**  
**Tim Ihle**  
**James Will**

Meigs County Courthouse  
Suite 301, 100 East Second Street  
Pomeroy, OH 45769  
740-992-2895  
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**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2018**

**Finding Number:** 2018-001  
**Planned Corrective Action:** The County Auditor will hold the 2020 Furtherance of Justice check until the report is filed.  
**Anticipated Completion Date:** January 31, 2020  
**Responsible Contact Person:** Mary T. Byer-Hill, County Auditor

**Finding Number:** 2018-002  
**Planned Corrective Action:** Due to the misinterpretation of the Then and Now's, we are having the Commissioner's do a resolution that all bill's over \$1,000 that did not have a purchase order in place at the time of purchase will require a Then & Now. Also all bills regardless of their amount will require a purchase order.  
**Anticipated Completion Date:** January 31, 2020  
**Responsible Contact Person:** Mary T. Byer-Hill, County Auditor

**Finding Number:** 2018-003  
**Planned Corrective Action:** The County is working with each Department to ensure they are maintaining capital asset additions, deletions, and construction in progress records.  
**Anticipated Completion Date:** December 31, 2020  
**Responsible Contact Person:** Mary T. Byer-Hill, County Auditor

**Finding Number:** 2018-004  
**Planned Corrective Action:** The County is working with each Department to ensure they are correctly coding items to avoid posting errors in the future.  
**Anticipated Completion Date:** December 31, 2020  
**Responsible Contact Person:** Mary T. Byer-Hill, County Auditor

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OFFICE OF  
**MEIGS COUNTY COMMISSIONERS**

**Randy Smith**  
**Tim Ihle**  
**James Will**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Noncompliance and Findings for Recovery pertaining to County Treasurer salary.	Fully Corrected	N/A
2017-002	Noncompliance relating to Ohio Rev. Code §117.38 for filing on cash basis.	Fully Corrected	N/A
2017-003	Noncompliance relating to Ohio Rev. Code §5705.10(I) due to negative fund balances.	Partially Corrected	The amounts of negative balances have been reduced through corrective action taken by the County and have been reported in the management letter.
2017-004	Noncompliance relating to Ohio Rev. Code §5705.14(H) due to a transfer that was not properly approved.	Fully Corrected	N/A
2017-005	Noncompliance relating to Ohio Rev. Code §5705.41(D)(1) due to improperly encumbered obligations.	Not Corrected	Due to the misinterpretation of the Then and Now's, we are having the Commissioner's do a resolution that all bill's over \$1,000 that did not have a purchase order in place at the time of purchase will require a Then & Now. Also all bills regardless of their amount will require a purchase order.
2017-006	Material Weakness relating to mispostings in the financial statements.	Not Corrected	This was an oversight. We will be more diligent in our coding of our receipts.

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# OHIO AUDITOR OF STATE KEITH FABER



## MEIGS 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  
FEBRUARY 4, 2020