



Dave Yost • Auditor of State

**MEIGS COUNTY
DECEMBER 31, 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances and Receipts, Disbursements and Changes in Fund Balances - Governmental Funds – Cash Basis	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	
General Fund.....	14
MCBDD Fund	15
Job and Family Services Fund	16
Auto License and Gas Fund.....	17
Statement of Assets and Net Position Proprietary Fund – Cash Basis	18
Statement of Receipts, Disbursements and Changes in Fund Net Position Proprietary Fund – Cash Basis	19
Statement of Fiduciary Net Position Fiduciary Funds – Cash Basis.....	20
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of Expenditures of Federal Awards	49
Notes to the Schedule of Expenditures of Federal Awards.....	51
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	
	53
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.....	
	55
Schedule of Findings.....	57
Prepared by Management:	
Summary Schedule of Prior Audit Findings	64
Corrective Action Plan	65

This page intentionally left blank.



Dave Yost • Auditor of State

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 cash-basis 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Meigs County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Board of Developmental Disabilities Fund, Job and Family Services Fund, and Auto License and Gas Fund thereof, for the year then ended in accordance with the accounting basis described in Note 2.

Other Matters

Supplemental Information

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

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

Other Information

We applied no procedures to Management's Discussion and Analysis as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 22, 2017

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

The discussion and analysis of Meigs County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2016, within the limitations of the County's cash basis of accounting. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

Overall:

Total net position increased \$918,917 due to governmental activities increasing \$964,829 and business-type activities decreasing \$45,912.

Total cash receipts were \$22,959,859 in 2016.

Total cash disbursements were \$22,040,942 in 2016.

Governmental Activities:

Total program cash receipts were \$14,417,899 in 2016 while program disbursements were \$21,584,940.

Program cash disbursements were primarily composed of Human Services and Public Works which were \$7,478,866 and \$4,221,918, respectively, in 2016.

All governmental funds had total cash receipts and other financing sources of \$22,896,533 and cash disbursements and other financing uses of \$21,931,704.

Business-Type Activities:

Program cash disbursements were \$456,002 for business-type activities, while program cash receipts were \$387,169. Proceeds from loans amounted to \$20,000 in 2016.

Using this Basic Financial Report

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

The *Statement of Net Position-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and 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. In the case of Meigs County, the General Fund, MCBDD, Job and Family Services, and the Auto License and Gas Special Revenue Funds are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Meigs County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and one other separate legal entity that is presented as a component unit. The primary government consists of Meigs County.

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

Statement of Net Position and the Statement of Activities

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

Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position 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 general government, public safety, public works, health, human services, community and economic development, other, capital outlay, and debt service.

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

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's governmental funds begins on page 9. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, MCBDD, Job and Family Services, and Auto License and Gas Special Revenue Funds.

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The County's only fiduciary funds are agency funds.

Agency funds are custodial in nature and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

The County as a Whole

Recall that the Statement of Net Position – Cash Basis provides the perspective of the County as a whole. Table 1 provides a comparative summary of the County's net position for 2016 as compared to 2015:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<i>Assets</i>						
Equity in Pooled Cash and Cash Equivalents	\$7,984,041	\$7,518,887	(\$355,664)	(\$309,752)	\$7,628,377	\$7,209,135
	499,675	-	-	-	499,675	-
Total Assets	8,483,716	7,518,887	(355,664)	(309,752)	8,128,052	7,209,135
<i>Net Position</i>						
Restricted	7,612,642	6,518,271	-	-	7,612,642	6,518,271
Unrestricted (Deficit)	871,074	1,000,616	(355,664)	(309,752)	515,410	690,864
Total Net Position	\$8,483,716	\$7,518,887	(\$355,664)	(\$309,752)	\$8,128,052	\$7,209,135

The increase in Equity in Pooled Cash and Cash Equivalents from the prior year is due to cash receipts exceeding cash disbursements.

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

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

Table 2
 Changes in Net Position/Cash Basis

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<i>Cash Receipts</i>						
<i>Program Cash Receipts</i>						
Charges For Services	\$ 3,653,046	\$ 3,234,675	\$ 362,161	\$ 288,781	\$ 4,015,207	\$ 3,523,456
Operating Grants and Contributions	10,267,745	10,871,390	-	-	10,267,745	10,871,390
Capital Grants and Contributions	497,108	339,080	25,008	15,148	522,116	354,228
Total Program Cash Receipts	14,417,899	14,445,145	387,169	303,929	14,805,068	14,749,074
<i>General Cash Receipts</i>						
Property Taxes	3,205,589	3,112,008	-	-	3,205,589	3,112,008
Sales Taxes	2,705,704	2,647,626	-	-	2,705,704	2,647,626
Grants and Entitlements not						
Restricted to Specific Programs	984,493	1,076,760	-	-	984,493	1,076,760
Interest Receipts	35,721	32,041	-	-	35,721	32,041
Proceeds from Loans	382,575	477,425	20,000	7,989	402,575	485,414
Miscellaneous	820,709	530,059	-	-	820,709	530,059
Total General Cash Receipts	8,134,791	7,875,919	20,000	7,989	8,154,791	7,883,908
Total Cash Receipts	22,552,690	22,321,064	407,169	311,918	22,959,859	22,632,982
<i>Cash Disbursements</i>						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	2,872,098	2,620,882	-	-	2,872,098	2,620,882
Judicial	1,142,211	1,110,155	-	-	1,142,211	1,110,155
Public Safety	2,300,787	2,179,380	-	-	2,300,787	2,179,380
Public Works	4,221,918	3,914,899	-	-	4,221,918	3,914,899
Health	1,972,742	1,918,521	-	-	1,972,742	1,918,521
Human Services	7,478,866	7,473,048	-	-	7,478,866	7,473,048
<i>Community and Economic</i>						
Development	168,879	344,248	-	-	168,879	344,248
Other	556,019	497,779	-	-	556,019	497,779
Capital Outlay	821,608	756,862	-	-	821,608	756,862
Debt Service:						
Principal Retirement	25,078	115,117	-	-	25,078	115,117
Interest and Fiscal Charges	24,734	998	-	-	24,734	998
Sewer	-	-	317,691	291,207	317,691	291,207
Water	-	-	138,311	141,441	138,311	141,441
Total Cash Disbursements	21,584,940	20,931,889	456,002	432,648	22,040,942	21,364,537
Transfers In (Out)	(2,921)	-	2,921	-	-	-
Change In Net Position	964,829	1,389,175	(45,912)	(120,730)	918,917	1,268,445
<i>Net Position at Beginning of Year</i>	7,518,887	6,129,712	(309,752)	(189,022)	7,209,135	5,940,690
Net Position at End of Year	\$ 8,483,716	\$ 7,518,887	\$ (355,664)	\$ (309,752)	\$ 8,128,052	\$ 7,209,135

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

Governmental Activities

Operating Grants and Contributions decreased due to less receipts for the Developmental Disabilities program in 2016. Capital Grants and Contributions increased due to an increase in Ohio Public Works Commission grants for road projects. Sales tax increased due to increased sales within the County. Miscellaneous receipts increased as a result of a workers compensation refund that was received during the current year.

Public Works increased as a result of increased grant revenue from the Ohio Public Works Commission for projects throughout the County. The decrease in principal disbursements was due to the payoff of the Medical Mission Loan. The increase in legislative and executive disbursements is due to increased disbursements for insurance, the board of elections department, and the prosecuting attorney. The increase in Public Safety is due to increased disbursements in the sheriff's department.

Property taxes made up 14 percent of cash receipts for governmental activities for Meigs County in 2016. Operating grants and contributions made up 46 percent, capital grants and contributions made up 2 percent, charges for services and sales made up 16 percent, and sales taxes made up 12 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts, unrestricted State entitlements, and other general receipts for governmental activities. The County's tax receipts and other general receipts provided 36 percent of total cash receipts. Charges for services and operating and capital grants and contributions provided the other 64 percent of the receipts used to support the County's governmental activities. The taxpayers (through sales and property taxes) and the State of Ohio, as a whole, provide the vast majority of resources for Meigs County. Table 3 on the following page shows the total and net cost of services (on a cash basis) for the County.

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

Table 3
Total Cost of Program Services

	2016		2015	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Governmental Activities				
General Government				
Legislative and Executive	\$ 2,872,098	\$ 2,249,747	\$ 2,620,882	\$ 1,972,076
Judicial	1,142,211	757,721	1,110,155	697,496
Public Safety	2,300,787	1,358,859	2,179,380	1,264,524
Public Works	4,221,918	60,191	3,914,899	61,228
Health	1,972,742	65,351	1,918,521	466,434
Human Services	7,478,866	1,398,581	7,473,048	1,039,271
Community and Economic Development	168,879	28,168	344,248	38,611
Other	556,019	484,503	497,779	434,123
Capital Outlay	821,608	719,667	756,862	404,093
Debt Service				
Principal Retirement	25,078	25,078	115,117	115,117
Interest and Fiscal Charges	24,734	19,175	998	(6,229)
Total Cash Disbursements				
- Governmental Activities	<u>\$ 21,584,940</u>	<u>\$ 7,167,041</u>	<u>\$ 20,931,889</u>	<u>\$ 6,486,744</u>
Business-Type Activities				
Water and Sewer	<u>\$ 456,002</u>	<u>\$ 68,833</u>	<u>\$ 432,648</u>	<u>\$ 128,719</u>
Total Cash Disbursements				
- Business-Type Activities	<u>\$ 456,002</u>	<u>\$ 68,833</u>	<u>\$ 432,648</u>	<u>\$ 128,719</u>

Business-Type Activities

Business-type activities include wastewater treatment and water services. Program cash disbursements were due to contracted services and payroll expenses related to the Rutland Sewer and Water System. Program receipts were due to sewer and water receipts for services during 2016. The decrease in net position is due to program cash disbursements exceeding program cash receipts.

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

The County's Funds

Information about the County's governmental funds starts on page 13. These funds are accounted for using the cash basis of accounting. The General Fund cash balance went from \$1,015,484 in 2015 to \$979,630 in 2016 primarily due to an increase in overall disbursements. The Job and Family Services Fund cash balance went from \$294,199 in 2015 to \$339,956 in 2016. The Auto License and Gas Fund cash balance increased \$165,662 as a result of increased intergovernmental revenue. The MCBDD Fund increased \$191,641 due to receipts exceeding disbursements. These factors along with increases in the other funds resulted in total governmental fund cash balances increasing \$964,829.

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. For the General Fund, final budget basis receipts were \$5,365,229, which was \$24,991 below original budget estimates of \$5,390,220. This difference is due mainly to an decrease in charges for services and intergovernmental revenue. Actual receipts and other financing sources exceeded final budgeted estimates in the amount of \$866,606. Of this difference, \$374,867, \$83,887, \$90,680, and \$250,000 represent tax receipts, intergovernmental, advances in, and transfers in received in excess of final budgeted estimates, which were the most significant variances. Final budgeted disbursements for public safety increased over original estimates in the amount of \$104,498 due to an increase in salaries and benefits of the sheriff's department. Actual disbursements and other financing uses were above final budgeted estimates in the amount of \$686,061. This difference was primarily due to legislative and executive, public safety, other disbursements, and advances out; however, advances out are not required to be budgeted. Total actual cash receipts and other financing sources were \$103,264 more than disbursements and other financing uses on the budget basis (cash outlays plus encumbrances).

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but does record payments for capital assets as disbursements. The County had capital outlay disbursements of \$821,608 and \$20,000 during 2016 for governmental activities and business-type activities, respectively.

Debt

Under the cash basis of accounting the County does not report bonds or long-term loans in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds and long-term loans. At December 31, 2016, the County had \$751,607 and \$485,389 in long-term loans outstanding for governmental and business-type activities respectively.

Table 4 summarizes bonds and other long-term obligations outstanding for Governmental and Business-Type Activities:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2016	2015
Loans	\$ 751,607	\$ 394,110
Totals	\$ 751,607	\$ 394,110
Business-Type Activities		
Loans	\$ 11,700	\$ 12,675
OWDA Loans	473,689	481,155
Total Business-Type Activities	\$ 485,389	\$ 493,830

For additional information regarding the debt, please see Note 9 to the basic financial statements.

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

Current Financial Related Activities

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

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

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mary Byer-Hill, County Auditor at Meigs County, 100 East Second Street, Pomeroy, Ohio 45769, or email at meigsauditor@suddenlinkmail.com.

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 7,984,041	\$ (355,664)	\$ 7,628,377
Cash and Cash Equivalents in Segregated Accounts	499,675	-	499,675
<i>Total Assets</i>	<u>8,483,716</u>	<u>(355,664)</u>	<u>8,128,052</u>
NET POSITION:			
Restricted for Debt Service	35,862	-	35,862
Restricted for Capital Outlay	181,601	-	181,601
Restricted for MCBDD	1,353,143	-	1,353,143
Restricted for Job and Family Services	339,956	-	339,956
Restricted for Real Estate Assessment	688,020	-	688,020
Restricted for Auto License and Gas	1,048,665	-	1,048,665
Restricted for Children Services	320,094	-	320,094
Restricted for Child Support Enforcement	414,640	-	414,640
Restricted for Community Residential	347,728	-	347,728
Restricted for Emergency Medical Services	667,739	-	667,739
Restricted for County Court Legal Computerization	193,771	-	193,771
Restricted for Reclaim Subsidy	192,756	-	192,756
Restricted for Other Purposes	1,828,667	-	1,828,667
Unrestricted (Deficit)	<u>871,074</u>	<u>(355,664)</u>	<u>515,410</u>
<i>Total Net Position</i>	<u>\$ 8,483,716</u>	<u>\$ (355,664)</u>	<u>\$ 8,128,052</u>

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

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government:							
Legislative and Executive	\$ 2,872,098	\$ 375,203	\$ 247,148	\$ -	\$ (2,249,747)	\$ -	\$ (2,249,747)
Judicial	1,142,211	152,351	232,139	-	(757,721)	-	(757,721)
Public Safety	2,300,787	407,288	534,640	-	(1,358,859)	-	(1,358,859)
Public Works	4,221,918	646,170	3,018,449	497,108	(60,191)	-	(60,191)
Health	1,972,742	855,836	1,051,555	-	(65,351)	-	(65,351)
Human Services	7,478,866	1,079,082	5,001,203	-	(1,398,581)	-	(1,398,581)
Community and Economic Development	168,879	24,445	116,266	-	(28,168)	-	(28,168)
Other	556,019	71,516	-	-	(484,503)	-	(484,503)
Capital Outlay	821,608	41,155	60,786	-	(719,667)	-	(719,667)
Debt Service:							
Principal Retirement	25,078	-	-	-	(25,078)	-	(25,078)
Interest and Fiscal Charges	24,734	-	5,559	-	(19,175)	-	(19,175)
Total Governmental Activities	21,584,940	3,653,046	10,267,745	497,108	(7,167,041)	-	(7,167,041)
Business-Type Activities:							
Rutland Sewer	317,691	229,778	-	25,008	-	(62,905)	(62,905)
Rutland Water	138,311	132,383	-	-	-	(5,928)	(5,928)
Total Business-Type Activities	456,002	362,161	-	25,008	-	(68,833)	(68,833)
Totals	\$ 22,040,942	\$ 4,015,207	\$ 10,267,745	\$ 522,116			
General Cash Receipts:							
Property Taxes Levied for:							
General Purposes							
				1,394,837	-		1,394,837
				1,163,758	-		1,163,758
				646,994	-		646,994
Sales Taxes Levied for General Purposes							
				2,705,704	-		2,705,704
Grants and Entitlements Not							
Restricted to Specific Programs							
				984,493	-		984,493
				820,709	-		820,709
				35,721	-		35,721
				382,575	20,000		402,575
Total General Cash Receipts				8,134,791	20,000		8,154,791
Transfers				(2,921)	2,921		-
Total General Cash Receipts and Transfers				8,131,870	22,921		8,154,791
Change in Net Position				964,829	(45,912)		918,917
Net Position Beginning of Year				7,518,887	(309,752)		7,209,135
Net Position End of Year				\$ 8,483,716	\$ (355,664)		\$ 8,128,052

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

Meigs County, Ohio
*Statement of Assets and Fund Balances and Receipts,
Disbursements, and Changes in Fund Balances - Governmental Funds - Cash Basis
As of and For the Year Ended December 31, 2016*

	General	MCBDD	Job and Family Services	Auto License and Gas	All Other Governmental Funds	Total Governmental Funds
RECEIPTS:						
Taxes	\$ 4,100,541	\$ 1,163,758	\$ -	\$ -	\$ 646,994	\$ 5,911,293
Charges for Services	763,757	-	328,109	-	2,426,776	3,518,642
Licenses and Permits	1,485	-	-	-	13,346	14,831
Fines and Forfeitures	98,834	-	-	13,824	6,915	119,573
Intergovernmental	785,829	965,187	3,427,285	3,660,447	2,910,598	11,749,346
Interest	28,320	-	-	7,401	-	35,721
Other	297,724	21,051	229,673	22,065	250,196	820,709
<i>Total Receipts</i>	<u>6,076,490</u>	<u>2,149,996</u>	<u>3,985,067</u>	<u>3,703,737</u>	<u>6,254,825</u>	<u>22,170,115</u>
DISBURSEMENTS:						
Current:						
General Government:						
Legislative and Executive	2,513,111	-	-	-	358,987	2,872,098
Judicial	805,025	-	-	-	337,186	1,142,211
Public Safety	1,524,213	-	-	-	776,574	2,300,787
Public Works	89,794	-	-	3,197,558	934,566	4,221,918
Health	246,844	-	-	-	1,725,898	1,972,742
Human Services	214,534	1,958,355	3,939,310	-	1,366,667	7,478,866
Community and Economic Development	-	-	-	-	168,879	168,879
Other	556,019	-	-	-	-	556,019
Capital Outlay	-	-	-	340,517	481,091	821,608
Debt Service:						
Principal Retirement	-	-	-	-	25,078	25,078
Interest and Fiscal Charges	-	-	-	-	24,734	24,734
<i>Total Disbursements</i>	<u>5,949,540</u>	<u>1,958,355</u>	<u>3,939,310</u>	<u>3,538,075</u>	<u>6,199,660</u>	<u>21,584,940</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>126,950</u>	<u>191,641</u>	<u>45,757</u>	<u>165,662</u>	<u>55,165</u>	<u>585,175</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Loans	-	-	-	-	382,575	382,575
Transfers In	-	-	-	-	132,477	132,477
Advances In	90,680	-	-	-	120,686	211,366
Transfers Out	(132,798)	-	-	-	(2,600)	(135,398)
Advances Out	(120,686)	-	-	-	(90,680)	(211,366)
<i>Total Other Financing Sources (Uses)</i>	<u>(162,804)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,458</u>	<u>379,654</u>
<i>Net Change in Fund Balances</i>	<u>(35,854)</u>	<u>191,641</u>	<u>45,757</u>	<u>165,662</u>	<u>597,623</u>	<u>964,829</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,015,484</u>	<u>1,161,502</u>	<u>294,199</u>	<u>883,003</u>	<u>4,164,699</u>	<u>7,518,887</u>
<i>Fund Balances at End of Year</i>	<u>\$ 979,630</u>	<u>\$ 1,353,143</u>	<u>\$ 339,956</u>	<u>\$ 1,048,665</u>	<u>\$ 4,762,322</u>	<u>\$ 8,483,716</u>
Assets at End of Year						
Equity in Pooled Cash and Cash Equivalents	\$ 979,630	\$ 1,353,143	\$ 339,956	\$ 1,048,665	\$ 4,262,647	\$ 7,984,041
Cash and Cash Equivalents in Segregated Accounts	-	-	-	-	499,675	499,675
<i>Total Assets</i>	<u>\$ 979,630</u>	<u>\$ 1,353,143</u>	<u>\$ 339,956</u>	<u>\$ 1,048,665</u>	<u>\$ 4,762,322</u>	<u>\$ 8,483,716</u>
FUND BALANCES AT END OF YEAR:						
Nonspendable	\$ 17,561	\$ -	\$ -	\$ -	\$ -	\$ 17,561
Restricted	-	1,353,143	339,956	1,048,665	4,870,878	7,612,642
Assigned	278,819	-	-	-	-	278,819
Unassigned (Deficit)	683,250	-	-	-	(108,556)	574,694
<i>Total Fund Balances</i>	<u>\$ 979,630</u>	<u>\$ 1,353,143</u>	<u>\$ 339,956</u>	<u>\$ 1,048,665</u>	<u>\$ 4,762,322</u>	<u>\$ 8,483,716</u>

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

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

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$ 3,725,000	\$ 3,725,000	\$ 4,099,867	\$ 374,867
Charges for Services	502,925	494,534	578,421	83,887
Licenses and Permits	1,170	1,170	1,485	315
Fines and Forfeitures	90,025	90,025	98,834	8,809
Intergovernmental	778,000	772,455	785,830	13,375
Interest	20,000	20,000	28,320	8,320
Other	273,100	262,045	298,398	36,353
<i>Total Receipts</i>	<u>5,390,220</u>	<u>5,365,229</u>	<u>5,891,155</u>	<u>525,926</u>
DISBURSEMENTS:				
General Government:				
Legislative and Executive	2,115,974	2,142,711	2,315,364	(172,653)
Judicial	804,355	723,776	827,814	(104,038)
Public Safety	1,265,881	1,370,379	1,489,165	(118,786)
Public Works	84,000	80,731	89,794	(9,063)
Health	185,428	221,931	212,412	9,519
Human Services	277,403	192,882	236,328	(43,446)
Other	574,240	499,902	703,210	(203,308)
<i>Total Disbursements</i>	<u>5,307,281</u>	<u>5,232,312</u>	<u>5,874,087</u>	<u>(641,775)</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>82,939</u>	<u>132,917</u>	<u>17,068</u>	<u>(115,849)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	250,000	250,000
Transfers Out	(100,000)	(145,198)	(133,798)	11,400
Advances In	-	-	90,680	90,680
Advances Out	(65,000)	(65,000)	(120,686)	(55,686)
<i>Total Other Financing Sources (Uses)</i>	<u>(165,000)</u>	<u>(210,198)</u>	<u>86,196</u>	<u>296,394</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(82,061)</u>	<u>(77,281)</u>	<u>103,264</u>	<u>180,545</u>
<i>Fund Balance at Beginning of Year</i>	571,449	571,449	571,449	-
<i>Prior Year Encumbrances Appropriated</i>	<u>7,537</u>	<u>7,537</u>	<u>7,537</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 496,925</u>	<u>\$ 501,705</u>	<u>\$ 682,250</u>	<u>\$ 180,545</u>

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

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

	MCBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$ 997,000	\$ 997,000	\$ 1,163,758	\$ 166,758
Intergovernmental	893,000	877,596	965,187	87,591
Other	22,000	21,051	21,051	-
<i>Total Receipts</i>	<u>1,912,000</u>	<u>1,895,647</u>	<u>2,149,996</u>	<u>254,349</u>
DISBURSEMENTS:				
Human Services	2,306,000	2,356,000	1,958,355	397,645
<i>Total Disbursements</i>	<u>2,306,000</u>	<u>2,356,000</u>	<u>1,958,355</u>	<u>397,645</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(394,000)</u>	<u>(460,353)</u>	<u>191,641</u>	<u>651,994</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(50,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(444,000)</u>	<u>(460,353)</u>	<u>191,641</u>	<u>651,994</u>
<i>Fund Balance at Beginning of Year</i>	<u>1,161,502</u>	<u>1,161,502</u>	<u>1,161,502</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 717,502</u>	<u>\$ 701,149</u>	<u>\$ 1,353,143</u>	<u>\$ 651,994</u>

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

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

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$ 550,000	\$ 328,109	\$ 328,109	\$ -
Intergovernmental	4,100,000	3,427,285	3,427,285	-
Other	70,000	229,673	229,673	-
<i>Total Receipts</i>	<u>4,720,000</u>	<u>3,985,067</u>	<u>3,985,067</u>	<u>-</u>
DISBURSEMENTS:				
Human Services	4,660,000	4,173,621	3,939,310	234,311
Capital Outlay	10,000	-	-	-
<i>Total Disbursements</i>	<u>4,670,000</u>	<u>4,173,621</u>	<u>3,939,310</u>	<u>234,311</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>50,000</u>	<u>(188,554)</u>	<u>45,757</u>	<u>234,311</u>
OTHER FINANCING SOURCES (USES):				
Advances In	50,000	-	-	-
Transfers Out	(50,000)	(50,000)	-	50,000
Advances Out	(50,000)	(50,000)	-	50,000
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	-	(288,554)	45,757	334,311
<i>Fund Balance at Beginning of Year</i>	<u>294,199</u>	<u>294,199</u>	<u>294,199</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 294,199</u>	<u>\$ 5,645</u>	<u>\$ 339,956</u>	<u>\$ 334,311</u>

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

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

	Auto License and Gas Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Fines and Forfeitures	\$ 16,000	\$ 13,824	\$ 13,824	\$ -
Intergovernmental	3,325,000	3,660,499	3,660,447	(52)
Interest	7,500	7,401	7,401	-
Other	58,200	22,064	22,065	1
<i>Total Receipts</i>	<u>3,406,700</u>	<u>3,703,788</u>	<u>3,703,737</u>	<u>(51)</u>
DISBURSEMENTS:				
Public Works	3,787,200	3,791,000	3,201,033	589,967
Capital Outlay	497,500	511,500	340,517	170,983
<i>Total Disbursements</i>	<u>4,284,700</u>	<u>4,302,500</u>	<u>3,541,550</u>	<u>760,950</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(878,000)</u>	<u>(598,712)</u>	<u>162,187</u>	<u>760,899</u>
<i>Fund Balance at Beginning of Year</i>	<u>883,003</u>	<u>883,003</u>	<u>883,003</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 5,003</u>	<u>\$ 284,291</u>	<u>\$ 1,045,190</u>	<u>\$ 760,899</u>

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

Meigs County, Ohio
Statement of Assets and Net Position
Proprietary Fund - Cash Basis
As of December 31, 2016

	<u>Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ (355,664)</u>
NET POSITION:	
Unrestricted	<u>\$ (355,664)</u>

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

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

	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$ 362,161
<i>Total Operating Cash Receipts</i>	<i>362,161</i>
OPERATING DISBURSEMENTS:	
Personal Services	156,125
Contractual Services	249,031
Capital Outlay	20,000
<i>Total Operating Disbursements</i>	<i>425,156</i>
<i>Operating Receipts Over (Under) Operating Disbursements</i>	<i>(62,995)</i>
Non-Operating Receipts (Disbursements):	
Proceeds from Loans	20,000
Intergovernmental	25,008
Principal Retirement	(28,441)
Interest and Fiscal Charges	(2,405)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>14,162</i>
<i>Income (Loss) Before Transfers</i>	<i>(48,833)</i>
Transfers In	2,921
<i>Change in Net Position</i>	<i>(45,912)</i>
<i>Net Position at Beginning of Year</i>	<i>(309,752)</i>
<i>Net Position at End of Year</i>	<i>\$ (355,664)</i>

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

Meigs County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds - Cash Basis
As of December 31, 2016

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,498,751
Cash and Cash Equivalents in Segregated Accounts	338,489
<i>Total Assets</i>	1,837,240
NET POSITION:	
Unrestricted	1,837,240
<i>Total Net Position</i>	\$ 1,837,240

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

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

NOTE 1 – REPORTING ENTITY

Meigs County (the County), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County 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 2016 and therefore no additional disclosures have been made.

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

NOTE 1 – REPORTING ENTITY (Continued)

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:

- 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.

Other Organizations

The County is also associated with certain organizations which are defined as jointly governed organizations, as well as one public entity shared risk pool. These organizations are presented in Notes 10 and 11 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 Regional Airport
- Gallia-Meigs Community Action Agency
- Area Agency on Aging
- Meigs County Park District
- Southern Ohio Council of Governments
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2016

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 in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

Fund Financial Statements

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

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board of Development Disabilities (MCBDD) Special Revenue Fund

This fund is to account for the operation of a school for the developmentally disabled and handicapped. The primary sources of revenue are a county-wide property tax levy and federal and state grants

Job and Family Services Special Revenue 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 and Gas Special Revenue Fund

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges. The primary sources of revenue are the state gas tax and motor vehicle registration fees.

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

Proprietary Funds

The County classifies funds financed primarily from user charges for goods or services as proprietary. Enterprise funds are the County's only proprietary fund type.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County has no trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate.

The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the object level within each fund.

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

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

E. Cash and Cash Equivalents

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 2016, the County invested in certificates of deposit.

All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners' policy. For calendar year 2016, interest receipts amounted to \$35,721. The General Fund received \$28,320 and the Auto License and Gas Fund received \$7,401.

F. Capital Assets

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

G. Internal Activity

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for grants.

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Of the County's \$7,612,642 in restricted net position, none is restricted by enabling legislation.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the County Commissioners.

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

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

M. Pensions

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

NOTE 3- BUDGETARY BASIS FUND BALANCES

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual –Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are due to several factors. The first factor is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). The second factor is that under Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that were previously reported as non-major special revenue funds are considered part of the General Fund on a cash basis. These funds were excluded from the budgetary presentation for the General Fund.

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

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

State statute permits inactive monies to be deposited or invested in the following securities:

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;
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, government national mortgage association, and federal national mortgage association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. 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;

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

9. Up to twenty-five percent of the County's average portfolio in either of the following
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
 - b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rated commercial paper; and,
12. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in 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. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

At year end, the County had \$3,494 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$8,055,545 of the County's bank balance of \$10,545,614 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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

NOTE 5 - TAXES

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

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

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

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

The assessed value for the taxes levied in 2016 was \$385,928,250 of which real property represented 81.87 percent (\$315,962,740) of the total and public utility property represented 18.13 percent (\$69,965,510) of the total. The full tax rate for all County operations for taxes collected in 2016, was \$15.20 per \$1,000 of assessed valuation.

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

Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. 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 cash receipts for 2016 amounted to \$2,705,704.

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

NOTE 6 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County's vehicles and general liability are covered by the County Risk Sharing Authority. At December 31, 2016, the County maintained the following insurance coverage through the insurance company:

Type of Coverage	Annual Aggregate	Deductible
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	-
Property	47,718,903	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/Underinsured 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 \$20,000 for BAC. All other County employees have coverage through The Health Plan.

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.

In accordance with the cash basis of accounting, as more fully described in Note 2, the County does not record a liability for any incurred but unpaid claims as of year end.

NOTE 7 - RETIREMENT SYSTEMS

Net Pension Liability

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

The 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.

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Net Pension Liability (Continued)

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 net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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):

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution to OPERS was \$1,035,488 for fiscal year 2016.

Net Pension Liability

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

	<u>OPERS</u>
Proportion of the Net Pension Liability Current Measurement Date	0.03998500%
Proportion of the Net Pension Liability Prior Measurement Date	<u>0.04080600%</u>
Percentage Change in Proportionate Share	<u>-2.01195903%</u>
Proportionate Share of the Net Pension Liability	\$6,925,802

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(b) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability	\$11,034,660	\$6,925,802	\$3,460,302

Changes Between Measurement Date and Report Date: In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Government's net pension liability is expected to be significant.

Plan Description - State Teachers Retirement System (STRS)

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Plan Description - State Teachers Retirement System (STRS) (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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions 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.

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. Through June 30, 2015, the employer rate was 14% and the member rate was 12% of covered payroll. The statutory employer rate for fiscal year 2016 and subsequent years is 14%. The statutory member contribution rate increased to 13% on July 1, 2015 and increased to 14% on July 1, 2016.

The County's contractually required contribution to STRS Ohio was \$40,144 for fiscal year 2016.

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The net pension liability was measured as of June 30, 2015, 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 projected contributions of all participating entities. Following is information related to the proportionate share:

	STRS
Proportionate Share of the Net Pension Liability	\$724,232
Proportion of the Net Pension Liability	
Current Measurement Date	0.00262051%
Proportion of the Net Pension Liability	
Prior Measurement Date	0.00260077%
Percentage Change in Proportionate Share	0.75900599%

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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 not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions – STRS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$1,006,013	\$724,232	\$485,944

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information. The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

Substantially all of the County's contributions allocated to fund postemployment health care benefits relate to the cost-sharing, multiple employer trusts. The corresponding contributions for the years ended December 31, 2016, 2015, and 2014 were \$172,590, \$168,043, and \$162,956, respectively. The full amount has been contributed for all three years.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS Ohio allocated employer contributions equal to 0 percent of covered payroll to post-employment health care. The County's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014, were \$0, \$0, and \$2,834, respectively, which equaled the required contributions each year. The full amount has been contributed for 2016, 2015, and 2014.

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

NOTE 9 - DEBT OBLIGATIONS

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

Issues	Interest Rates	Outstanding 12/31/15	Additions	Reductions	Outstanding 12/31/16	Due in 1 Year
<u>Governmental Funds</u>						
<u>Long-Term Obligations</u>						
2011 - Farmers Bank 95042	3.63%	\$ 26,685	\$ -	\$ 5,787	\$ 20,898	\$ 6,003
2015 - Animal Shelter	3.45%	53,635	196,365	-	250,000	26,165
2015 - Med Flight	3.45%	313,790	186,210	19,291	480,709	26,589
Total Governmental Obligations		<u>\$ 394,110</u>	<u>\$ 382,575</u>	<u>\$ 25,078</u>	<u>\$ 751,607</u>	<u>\$ 58,757</u>
<u>Business-Type Fund</u>						
<u>Long-Term Obligations</u>						
2002 - Rural Hardship EPA	0.00%	\$ 12,675	\$ -	\$ 975	\$ 11,700	\$ 1,950
OWDA - Rutland Sewer	1.00%	450,663	-	6,993	443,670	14,092
OWDA - Rutland Water Purchase	1.00%	30,492	-	473	30,019	953
OWDA - HSTS Program	0.00%	-	20,000	20,000	-	-
Total Business-Type Activities		<u>\$ 493,830</u>	<u>\$ 20,000</u>	<u>\$ 28,441</u>	<u>\$ 485,389</u>	<u>\$ 16,995</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.

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

The County issued an OWDA loan in 2016 in the amount of \$180,000 for the Home Sewage Treatment System (HSTS) project. As of December 31, 2016, \$20,000 of the loan has been drawn. The OWDA loan was paid in 2016 by grant funding.

The County issued a line of credit in 2015 in the amount of \$250,000 for construction of an animal shelter. As of December 31, 2016, the entire amount has been drawn. Monies from the Animal Shelter Fund will be used to repay this debt.

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

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

NOTE 9 - DEBT OBLIGATIONS (Continued)

At December 31, 2016, the County's overall legal debt margin was \$8,148,206 with an unvoted debt margin of \$3,859,283.

The annual requirements to amortize debt and interest outstanding as of December 31, 2016, are as follows:

Year Ending December 31	Rural Hardship EPA				OWDA Rutland Water			
	Loan		Farmer's Bank - 95042		OWDA Rutland Sewer		Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,950	\$ -	\$ 6,003	\$ 677	\$ 14,092	\$ 4,402	\$ 953	\$ 298
2018	1,950	-	6,228	443	14,233	4,260	963	288
2019	1,950	-	6,460	211	14,376	4,118	973	279
2020	1,950	-	2,207	17	14,520	3,973	982	269
2021	1,950	-	-	-	14,665	3,828	992	259
2022-2026	1,950	-	-	-	75,563	16,904	5,112	1,144
2027-2031	-	-	-	-	79,427	12,884	5,373	883
2032-2036	-	-	-	-	83,488	8,978	5,648	608
2037-2041	-	-	-	-	87,759	4,710	5,937	319
2042-2043	-	-	-	-	45,547	685	3,085	47
Total	\$ 11,700	\$ -	\$ 20,898	\$ 1,348	\$ 443,670	\$ 64,742	\$ 30,018	\$ 4,394

Year Ending December 31	MedFlight		Aminal Shelter	
	Principal	Interest	Principal	Interest
2017	\$ 26,589	\$ 16,166	\$ 26,165	\$ 8,885
2018	27,521	15,234	25,025	7,328
2019	28,486	14,269	25,902	6,451
2020	29,446	13,309	26,793	5,560
2021	30,516	12,239	27,749	4,604
2022-2026	169,368	44,407	118,366	8,350
2027-2031	168,783	12,925	-	-
Total	\$ 480,709	\$ 128,549	\$ 250,000	\$ 41,178

NOTE 10 - 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 2016, the County made no contributions to the Board.

NOTE 10 –JOINTLY GOVERNED ORGANIZATIONS (Continued)

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. The County made no contributions to the District in 2016.

Gallia-Meigs Regional Airport

The Gallia-Meigs Regional Airport (Airport) operates under a separate board that consists of seven members. The Gallia County Commissioners approve the budget, approve expenditures, approve fund deficits and are directly responsible for the debt. All of the land and fixed assets at the Airport belongs to Gallia County. The Airport rents the facilities from Gallia County. A manager contracted by the Airport board operates as a fixed based operator. The Airport generates revenue from sales and rental space. Grants are applied for through the Airport's name. Meigs County does not contribute financially to the Airport operations. The Airport operates on a calendar year basis. The operating statement of the Airport is present at the object level. The Airport is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Financial statements are audited and issued as part of Gallia County and are not obtainable separately.

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. 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 2016, the County paid \$70,890 to the Agency for services provided to the County.

NOTE 10 –JOINTLY GOVERNED ORGANIZATIONS (Continued)

Area Agency on Aging

The Area Office on Aging is a regional council of governments that assists ten counties including Meigs County in providing services to senior citizens in the Council’s service area. The Council is governed by a fifteen member board of directors. The Meigs County Commissioners along with other county organizations can nominate new board members, except representatives of local community service organizations. At least one-half of the board must be over the age of fifty-five. The board has total control over budgeting, personnel and all other financial matters. The continued existence of the Council is not dependent 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, 2016, the County had no funds on hand with the Council. Financial statements can be obtained from the Council at PO Box 456, Chillicothe, Ohio 45601.

NOTE 11 - 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.

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

NOTE 12 - CONTINGENCIES

Grants

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

Litigation

The County is 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 13 - INTERFUND ACTIVITY

	Transfers In	Transfers Out
<u>Major Fund:</u>		
General Fund	\$ -	\$ 132,798
<u>Non-major Funds:</u>		
Other Governmental Funds	132,477	2,600
Enterprise Funds	2,921	-
	\$ 135,398	\$ 135,398

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 Other Governmental Funds were for a local share of a grant.

	Advances In	Advances Out
General Fund	\$ 90,680	\$ 120,686
Other Governmental Funds	120,686	90,680
	\$ 211,366	\$ 211,366

During the year, the County's General Fund made advances to other funds in anticipation of intergovernmental grant revenue or other revenues and to advance funds for capital improvements. Advances to the General Fund are for repayments of outstanding advances.

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

NOTE 14 – COMPLIANCE AND ACCOUNTABILITY

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

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purpose for which such fund has been established. As of December 31, 2016, the Rutland Sewer, Rutland Water, Litter Clean Up, USDA Rural Housing, CHIP, 2012 CDBG Formula, Voter Education, Misdemeanor Court, Victim's Assistance, Diversion Grant, Juvenile Litter, Community Corrections, and Animal Shelter Funds had deficit cash balances in the amount of \$253,026, \$102,638, \$1,000, \$471, \$37,825, \$1,216, \$21,532, \$20,656, \$2,143, \$10,279, \$3,028, \$4,275, and \$6,131, respectively.

Ohio Rev. Code § 5705.40 provides, in part, that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. At December 31, 2016, appropriations posted to the system varied materially from those approved by the Board of Commissioners. General Fund appropriations as posted exceeded approved by \$863,213. Certificate of Title appropriations as approved exceeded approved by \$29,573. County Board of Developmental Disabilities Fund appropriations as approved exceeded posted by \$170,000. Auto License and Gas Fund appropriations as approved exceeded posted by \$13,728.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated. Expenditures exceeded formally-adopted appropriations at December 31, 2016 in the General Fund, Certificate of Title Fund, and EMS MedFlight Fund by \$686,060, \$22,015, and \$89,080, respectively.

NOTE 15 - NEW ACCOUNTING PRINCIPLES

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

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

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

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

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

NOTE 15 - NEW ACCOUNTING PRINCIPLES (Continued)

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

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

NOTE 16 - FUND BALANCES

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

Fund Balances	General	MCBDD	Job and Family Services	Auto License and Gas	All Other Governmental	Total Governmental Funds
Nonspendable						
Unclaimed Monies	\$ 17,561	\$ -	\$ -	\$ -	\$ -	\$ 17,561
Restricted for						
Other Purposes	\$ -	\$ -	\$ -	\$ -	\$ 3,230,661	\$ 3,230,661
Debt Service	-	-	-	-	35,862	35,862
Capital Outlay	-	-	-	-	181,601	181,601
MCBDD	-	1,353,143	-	-	-	1,353,143
Job and Family Services	-	-	339,956	-	-	339,956
Real Estate Assessment	-	-	-	-	688,020	688,020
Auto License and Gas	-	-	-	1,048,665	-	1,048,665
Children Services	-	-	-	-	320,094	320,094
Child Support Enforcement	-	-	-	-	414,640	414,640
Total Restricted	<u>-</u>	<u>1,353,143</u>	<u>339,956</u>	<u>1,048,665</u>	<u>4,870,878</u>	<u>7,612,642</u>
Assigned to						
Other Purposes	<u>278,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,819</u>
Unassigned (Deficit)	<u>683,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,556)</u>	<u>574,694</u>
Total Fund Balances	<u>\$ 979,630</u>	<u>\$ 1,353,143</u>	<u>\$ 339,956</u>	<u>\$ 1,048,665</u>	<u>\$ 4,762,322</u>	<u>\$ 8,483,716</u>

This page intentionally left blank.

MEIGS COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5550	\$0	\$195,014
Total SNAP Cluster			0	195,014
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program	10.553	2016/2017	0	7,177
National School Lunch Program	10.555	2016/2017	0	11,325
Total Child Nutrition Cluster			0	18,502
Total U.S. Department of Agriculture			0	213,516
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants - State's Program	14.228	B-F-14-1BW-1	0	228,761
Community Development Block Grants - State's Program	14.228	B-W-14-1BW-1	0	278,967
Community Development Block Grants - State's Program	14.228	B-F-15-1BW-1	0	67,241
Total Community Development Block - State's Program			0	574,969
Total U.S. Department of Housing and Urban Development			0	574,969
UNITED STATES DEPARTMENT OF INTERIOR				
<i>Passed through the Ohio Department of Natural Resources</i>				
Payments in Lieu of Taxes	15.226		0	674
Total United States Department of Interior			0	674
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Ohio Department of Public Safety</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JG-LLE-5148	0	6,081
Total U.S. Department of Justice			0	6,081
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Ohio Department of Job and Family Services</i>				
Workforce Investment Act (WIA/WIOA) Cluster:				
WIA/WIOA Adult Program	17.258	G-1617-11-5550	0	50,581
WIA/WIOA Youth Activities	17.259	G-1617-11-5550	0	32,722
WIA/WIOA Dislocated Worker Formula Grant	17.278	G-1617-11-5550	0	99,354
Total Workforce Investment Act (WIA/WIOA) Cluster:			0	182,657
Total U.S. Department of Labor			0	182,657
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	PID #96361	0	44,924
Total Highway Planning and Construction Cluster			0	44,924
Total U.S. Department of Transportation			0	44,924
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education - Grants to States	84.027	2016	0	21,480
Special Education - Preschool Grants	84.173	2016	0	10,458
Total Special Education Cluster			0	31,938
Total U.S. Department of Education			0	31,938

MEIGS COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Social Services Block Grant				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	93.667	FY17TXXC053/FY16TXXC053	0	19,847
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Social Services Block Grant	93.667	G-1617-11-5550	44,416	500,338
Total Social Services Block Grant			<u>44,416</u>	<u>520,185</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Medicaid Cluster				
Medical Assistance Program	93.778	G-1617-11-5550	0	687,428
Total Medicaid Cluster			0	687,428
Promoting Safe and Stable Families				
	93.556	G-1617-11-5550	0	22,212
TANF Cluster				
Temporary Assistance for Needy Families (TANF) State Program	93.558	G-1617-11-5550	34,582	1,088,771
Total TANF Cluster			34,582	1,088,771
Child Support Enforcement				
	93.563	G-1617-11-5550	0	246,701
CDCF Cluster				
Child Care and Development Block Grant	93.575	G-1617-11-5550	0	63,313
Total CDCF Cluster			0	63,313
Stephanie Tubbs Jones Child Welfare Services Program				
	93.645	G-1617-11-5550	0	8,941
Foster Care - Title IV-E				
	93.658	G-1617-11-5550	0	129,412
Adoption Assistance				
	93.659	G-1617-11-5550	0	12,852
Total U.S. Department of Health and Human Services			<u>78,998</u>	<u>2,779,815</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grants				
	97.042	EMC-2016-EP-00003-S01	0	23,581
	97.042	EMW-2015-EP-00034-S01	0	17,642
			<u>0</u>	<u>41,223</u>
Disaster Grants- Public Assistance				
	97.036	DR-4002	0	197,138
	97.036	DR-4077	0	30,588
Total Disaster Grans- Public Assistance			<u>0</u>	<u>227,726</u>
Assistance to Firefighter Grant				
	97.044	EMW-2015-FO-02657	0	53,613
Total U.S. Department of Homeland Security			<u>0</u>	<u>322,562</u>
Total Expenditures of Federal Awards			<u>\$78,998</u>	<u>\$4,157,136</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, 2016**

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, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

The County passes certain federal awards received from the 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 D - CHILD NUTRITION CLUSTER

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

NOTE E – 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 F - 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.

This page intentionally left blank.



Dave Yost • Auditor of State

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

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 cash-basis 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 22, 2017, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2016-004 and 2016-006 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 2016-001 through 2016-006.

Entity's Responses to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

August 22, 2017



Dave Yost • Auditor of State

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying Schedule of Findings as item 2016-007. Our opinion on each major federal program is not modified with respect to these matters.

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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2016-007.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

August 22, 2017

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Temporary Assistance for Needy Families Cluster, CFDA #93.558 • Medicaid Cluster, CFDA #93.778 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

MEIGS COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2016 (continued)

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

FINDING NUMBER 2016-001

Noncompliance and Finding for Recovery – Resolved Under Audit

Ohio Rev. Code § 325.08 provides that each clerk of the court of common pleas shall be classified, for salary purposes, according to the population of the county. All clerks of the court of common pleas shall receive annual compensation in accordance with the approved schedules.

Diane Lynch resigned from the Clerk of Courts’ office effective November 30, 2016. She was paid according to the 2001-2015 Classification and Compensation schedule in the Ohio Rev. Code due to her term beginning date. According to the prorated allocation of her salary to 11 months in office, the County overpaid her by \$1,892 during 2016 from the General Fund. The County applied a retirement refund of \$162 from OPERS reducing the salary overpayment to \$1,730.

\$42,172	Annual Salary set by County Advisory Bulletin 2015-01
3,514	Monthly Salary (Divided by 12 months)
11	Times Months Worked
38,658	Prorated Salary through November
1,175	Plus Severance Due
39,833	Total Payout due for 2016
41,725	Amount Actually Paid
1,892	Overpayment
(162)	Less: OPERS Refund Applied
\$1,730	Unpaid Finding for Recovery

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a finding for recovery for recovery of public monies illegally expended is hereby issued against Diane Lynch, and the insurance company, Star Insurance Company, and in favor of the County's General Fund for \$1,730.

Ms. Lynch entered into a repayment agreement with the County to make eleven monthly installments of \$157.27 per month beginning May 1, 2017, with a final payment of \$157.43 due on March 1, 2018. As of the date of this report, \$629.24 of the \$1,730 has been repaid.

Official’s Response: See Corrective Action Plan.

FINDING NUMBER 2016-002

Noncompliance

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

MEIGS COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2016 (continued)

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

FINDING NUMBER 2016-002 (Continued)

Noncompliance - Ohio Rev. Code § 117.38 (Continued)

Ohio Admin. Code § 117-2-03(B) requires the County to file its annual financial report pursuant to generally accepted accounting principles. However, the County prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles.

The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should take the necessary steps to ensure that the annual financial report is prepared and filed on a generally accepted accounting principles basis.

Official's Response: See Corrective Action Plan.

FINDING NUMBER 2016-003

Noncompliance

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The County had the following deficit balances at December 31, 2016:

2015 CDBG Grant Fund	(\$37,825)
Board of Elections Revenue Fund	(21,533)
County Court Special Projects Fund	(20,654)
Rutland Sewer Fund	(253,026)
Rutland Water Fund	(102,638)

Funds operating in a deficit results in using monies restricted for unrelated purposes which could result in findings for adjustment.

Management should ensure money paid into a fund is used only for purposes for which such fund was established. Expenditures should not be permitted from funds with no balance or with a negative balance. Steps should be identified and implemented that would help the County reduce spending, increase revenues, or both.

Official's Response: See Corrective Action Plan.

MEIGS COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2016 (continued)

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

FINDING NUMBER 2016-004

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.40 provides, in part, that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2016, appropriations posted to the system varied materially from those approved by the Board of Commissioners as follows:

Fund Name	Appropriations, As Adopted	Appropriations, As Posted	Variance
General Fund	\$5,442,510	\$6,305,723	(\$863,213)
Certificate of Title	353,500	383,073	(29,573)
County Board of Developmental Disabilities	2,356,000	2,186,000	170,000
Auto License and Gas	4,316,227	4,302,500	13,728

The County Auditor posted changes to budgetary information in the accounting system without obtaining the required Commissioner approvals. As a result, the Board lost some degree of control and was unable to effectively monitor and report its budget vs. actual status throughout the year. Further, budgetary adjustments, with which management agrees, are reflected in the Final Appropriations columns in the budgetary statements of this report.

The County Auditor and Commissioners should monitor appropriations in the accounting system to help ensure amounts agree to Commissioner approved amounts.

Official's Response: See Corrective Action Plan.

FINDING NUMBER 2016-005

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

Expenditures exceeded formally-adopted appropriations at December 31, 2016 for the following funds:

Fund Name	Appropriations, as Adopted	Budgetary Expenditures	Variance
General Fund	\$5,442,510	\$6,128,570	(\$686,060)
Certificate of Title Fund	353,500	375,515	(22,015)
EMS MedFlight	244,167	333,247	(89,080)

MEIGS COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2016 (continued)

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

FINDING NUMBER 2016-005 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(B)

This was primarily due to amendments to appropriations posted to the accounting system not approved by the Board of Commissioners. Expending more than appropriated can result in deficit fund balances if the resources are not sufficient to cover the excess. Additionally, such expenditures were made absent of any legal appropriation authority

The County Auditor and Board of Commissioners should monitor formally-approved appropriations and expenditures to ensure expenditures do not exceed appropriations.

Official's Response: See Corrective Action Plan.

FINDING NUMBER 2016-006

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Meigs County Emergency Medical Services (EMS) used Ambulance Medical Billing (AMB) as a service organization for billing, collection, and processing of EMS services. AMB deposits receipts collected directly to an EMS administered bank account.

Rather than paying these receipts in to the County Auditor for posting and deposit to the County treasury, the EMS only paid in money when the fund balance on the County books was low. Additionally, the department made purchases through this outside account, circumventing the County budgetary/appropriation process.

As a result, the bank account balance of \$499,675 was omitted from the cash balances reported on the County's financial statements. Additionally, since receipts and expenditures were not reported to the County Auditor to post to the accounting system, charges for services receipts of \$602,999, miscellaneous receipts of \$95,172 and Health-related expenditures of \$198,496 were understated on the County's annual financial report.

These misstatements 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 all outside bank accounts periodically and at year end to ensure all amounts have been properly recorded. Further, the EMS management should use the bank account held as a clearing account for receipts to be fully paid into the County at least monthly with no balances accruing. No other payments should be made from this account.

Official's Response: See Corrective Action Plan.

MEIGS COUNTY

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016
(Continued)**

3. FINDING AND FOR FEDERAL AWARDS
--

1. Schedule of Expenditures of Federal Awards

Finding Number	2016-007		
CFDA Title and Number	Community Development Block Grants, CFDA # 14.228 Payments in Lieu of Taxes, CFDA # 15.226 Edward Byrne Memorial Justice Assistance Grant Program, CFDA # 16.738 Special Education – Preschool Grants, CFDA # 84.173 Medicaid Cluster, CFDA # 93.778 Disaster Grants – Public Assistance, CFDA # 97.036 Emergency Management Performance Grant, CFDA # 97.042		
Federal Award Identification Number / Year	2015 and 2016		
Federal Agency	U.S. Department of Housing and Urban Development U.S. Department of the Interior U.S. Department of Justice U.S. Department of Education U.S. Department of Health and Human Services U.S. Department of Homeland Security		
Pass-Through Entity	Ohio Department of Development Ohio Department of Natural Resources Ohio Department of Public Safety Ohio Department of Education Ohio Department of Developmental Disabilities Ohio Emergency Management Agency		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Noncompliance and Material Weakness

2 CFR Part 200.510(b) provides, in part, that the grantee must prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the grantee's financial statements which must include the total Federal awards expended as determined in accordance with Part 200.502. This Schedule should total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available.

Further, management is responsible for developing internal control procedures which provide reasonable assurance the Schedule is complete and accurate. Sound internal controls require a review of the Schedule be performed and documented to verify the information reported is complete and accurate before finalizing the Schedule.

The following errors and omissions were noted in the County's 2016 Schedule as submitted:

- The Disaster Grants – Public Assistance (CFDA # 97.036) expenditures of \$227,726 were omitted.
- The Special Education – Preschool Grants (CFDA # 84.173) included state funding related to an Early Childhood Education Grant resulting on an overstatement of expenditures of \$24,000.
- Payments in Lieu of Taxes (CFDA #15.226) expenditures of \$674 were omitted.

MEIGS COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016
(Continued)

3. FINDING AND FOR FEDERAL AWARDS (Continued)
--

FINDING NUMBER 2016-007 (Continued)

Noncompliance and Material Weakness - 2 CFR Part 200.510(b) (Continued)

- The Emergency Management Performance Grant (CFDA # 97.042) expenditures were overstated by \$37,741.
- The Community Development Block Grants - B-W-14-1BW-1 (CFDA # 14.228) expenditures of \$278,697 were omitted.
- The Community Development Block Grants - B-F-14-1BW (CFDA # 14.228) expenditures were understated by \$84,761 as a result of reporting receipts rather than expenditures.
- The Community Development Block Grants - B-F-15-1BW-1 (CFDA # 14.228) expenditures of \$67,241 were omitted.
- Medicaid expenditures through the Board of Developmental Disabilities of \$260,567 were reported but were not to be included by the County.
- The Edward Byrne Memorial Justice Assistance Grant Program (CFDA # 16.738) expenditures of \$6,081 were omitted.

Failure to accurately and completely prepare the Schedule can lead to conflicts with grantors. The Schedule of Expenditures of Federal Awards for the year ended December 31, 2016 has been adjusted to correct the errors identified above.

The County's management should develop policies and procedures to ensure the completeness and accuracy of the Schedule.

Official's Response: See Corrective Action Plan.

MEIGS COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Admin. Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	Not Corrected	Re-issued in current Schedule of Findings as item 2016-002.

MEIGS COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	This is being paid back monthly under a repayment agreement with the prosecuting attorney.	March 1, 2018	Mary Byer-Hill, County Auditor
2016-002	The County has opted not to file GAAP due to the cost.	N/A	Mary Byer-Hill, County Auditor
2016-003	The funds indicated were used for the required purpose; however, reimbursements had not been received as of December 31, 2016. The CDBG fund is a reimbursement grant. The Board of Elections fund was a grant waiting on state money for payment but the bill was due prior to the money being received. The County Court was negative because we did not make a pay-in into the fund timely. The water/sewer funds are waiting for reimbursement as well.	<ul style="list-style-type: none"> • Deficits in the CDBG and County Court Funds were corrected upon receipt of reimbursements early in 2017. • Board of Elections and Water Sewer deficits to be corrected by 12/31/17 or sooner. 	Mary Byer-Hill, County Auditor
2016-004	For the first 6 months of the year, the commissioners were without a clerk. They only had a fill in clerk resulting in things being missed in the minutes. The County Commissioners have since hired a full time clerk.	Corrected	Meigs County Commissioners
2016-005	We will monitor and be more efficient in getting things in the minutes. The County Commissioners have since hired a full time clerk to help ensure all approved appropriations are documented.	Corrected	Meigs County Commissioners
2016-006	We were not aware of payments on outside accounts and will establish a policy for regular pay-ins to be made and will review regularly.	December 31, 2017	Mary Byer-Hill, County Auditor
2017-007	There was a change in staff (CDBG) and a better plan of action will be developed for acquiring the information to better complete this schedule.	December 31, 2017	Mary Byer-Hill, County Auditor

This page intentionally left blank.



Dave Yost • Auditor of State

MEIGS COUNTY

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
SEPTEMBER 5, 2017