



OHIO AUDITOR OF STATE
KEITH FABER



**GUERNSEY COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Public Assistance, Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities and Children's Services Funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

The Schedule of Expenditures of Federal Awards (the Schedule) 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 is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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 as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 19, 2023

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Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The discussion and analysis of Guernsey County's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2021, within the limitations of the County's cash basis accounting. Readers should also review the cash basis financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net cash position of governmental activities increased \$2,263,135.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$44,774,680, an increase of \$1,457,036 over the fund balance for the prior year.
- The County refinanced the United States Department of Agriculture (USDA) loan in the amount of \$2,994,125 with a new Ohio Water Development Authority (OWDA) loan to take advantage of reduced interest rates.

Using this Annual Financial Report

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

Basis of Accounting

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

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

County-Wide Financial Statements

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

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

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

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2021 compared to 2020.

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 49,286,763	\$ 47,007,092	\$ 2,279,671	\$ 1,904,834	\$ 2,287,486	\$ (382,652)
Cash and Cash Equivalents in Segregated Accounts	136,895	153,599	(16,704)	-	-	-
Cash and Cash Equivalents with Fiscal Agents	1,684,382	1,684,214	168	-	-	-
<i>Total Assets</i>	<u>51,108,040</u>	<u>48,844,905</u>	<u>2,263,135</u>	<u>1,904,834</u>	<u>2,287,486</u>	<u>(382,652)</u>
Net Position						
Restricted for:						
Capital Outlay	4,203,243	6,159,850	(1,956,607)	-	-	-
Debt Service	168,959	168,998	(39)	-	-	-
Motor Vehicle and Gasoline Tax	1,192,329	2,019,647	(827,318)	-	-	-
Public Assistance	692,999	668,004	24,995	-	-	-
Children Services	2,718,898	2,982,425	(263,527)	-	-	-
Expendable	57,934	57,695	239	-	-	-
Nonexpendable	20,000	20,000	-	-	-	-
Developmental Disabilities	9,284,734	10,483,778	(1,199,044)	-	-	-
Other Purposes	8,766,536	4,963,668	3,802,868	-	-	-
Unrestricted	<u>24,002,408</u>	<u>21,320,840</u>	<u>2,681,568</u>	<u>1,904,834</u>	<u>2,287,486</u>	<u>(382,652)</u>
<i>Total Net Position</i>	<u>\$ 51,108,040</u>	<u>\$ 48,844,905</u>	<u>\$ 2,263,135</u>	<u>\$ 1,904,834</u>	<u>\$ 2,287,486</u>	<u>\$ (382,652)</u>

A portion of the County's governmental activities net position, \$27,105,632, or 53 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net position, \$24,002,408 or 47 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

The governmental activities saw a large increase in pooled cash and cash equivalents, primarily due to unspent proceeds from the American Rescue Plan Act. The business-type activities saw a decrease in pooled cash and cash equivalents primarily due to an increase in principal retirement from refinancing the USDA loan.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Table 2 shows the changes in net position for 2021 compared to 2020.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Receipts						
<i>Program Receipts</i>						
Charges for Services	\$ 5,773,002	\$ 5,508,953	\$ 264,049	\$ 4,038,994	\$ 3,897,876	\$ 141,118
Operating Grants & Contributions	20,187,908	22,421,784	(2,233,876)	26,456	49,176	(22,720)
Capital Grants & Contributions	1,640,042	1,722,769	(82,727)	-	-	-
<i>Total Program Receipts</i>	<u>27,600,952</u>	<u>29,653,506</u>	<u>(2,052,554)</u>	<u>4,065,450</u>	<u>3,947,052</u>	<u>118,398</u>
<i>General Receipts</i>						
Property Taxes	10,863,108	10,392,039	471,069	-	-	-
Permissive Sales Tax	10,690,144	9,005,055	1,685,089	-	-	-
Other Local Taxes	989,043	641,584	347,459	-	-	-
Grants and Entitlements	2,192,576	1,740,222	452,354	-	-	-
American Rescue Plan Act Funding	3,775,507	-	3,775,507	-	-	-
Proceeds from Sale of Assets	478,272	2,718	475,554	-	-	-
Investment Earnings	318,206	644,624	(326,418)	-	-	-
Proceeds from Sale of Bonds	-	4,000,000	(4,000,000)	-	-	-
Proceeds of OPWC Loans	-	154,353	(154,353)	-	-	-
Proceeds of OWDA Loans	-	-	-	2,994,125	-	2,994,125
Insurance Recoveries	-	76,843	(76,843)	-	-	-
Miscellaneous	641,246	1,593,834	(952,588)	22,158	75	22,083
<i>Total General Receipts</i>	<u>29,948,102</u>	<u>28,251,272</u>	<u>1,696,830</u>	<u>3,016,283</u>	<u>75</u>	<u>3,016,208</u>
<i>Total Receipts</i>	<u>57,549,054</u>	<u>57,904,778</u>	<u>(355,724)</u>	<u>7,081,733</u>	<u>3,947,127</u>	<u>3,134,606</u>
Program Disbursements						
<i>General Government</i>						
Legislative and Executive	8,674,990	8,527,886	147,104	-	-	-
Judicial	4,294,453	3,912,721	381,732	-	-	-
Public Safety	5,844,136	5,161,160	682,976	-	-	-
Public Works	7,284,215	7,465,510	(181,295)	-	-	-
Health	9,428,603	8,709,317	719,286	-	-	-
Human Services	14,476,832	14,102,518	374,314	-	-	-
Economic Development	546,847	31,415	515,432	-	-	-
Other	291,488	280,543	10,945	-	-	-
Capital Outlay	3,140,458	1,828,810	1,311,648	-	-	-
<i>Debt Service:</i>						
Principal Retirements	1,349,651	1,023,443	326,208	-	-	-
Interest and Fiscal Charges	140,640	125,720	14,920	-	-	-
Sewer	-	-	-	4,113,712	939,410	3,174,302
Water	-	-	-	3,164,279	2,897,414	266,865
<i>Total Program Disbursements</i>	<u>55,472,313</u>	<u>51,169,043</u>	<u>4,303,270</u>	<u>7,277,991</u>	<u>3,836,824</u>	<u>3,441,167</u>
<i>Increase (Decrease) in Net Position</i>	2,076,741	6,735,735	(4,658,994)	(196,258)	110,303	(306,561)
Transfers	186,394	231,071	(44,677)	(186,394)	(231,071)	44,677
<i>Change in Net Position</i>	2,263,135	6,966,806	(4,703,671)	(382,652)	(120,768)	(261,884)
<i>Net Position Beginning of Year</i>	<u>48,844,905</u>	<u>41,878,099</u>	<u>6,966,806</u>	<u>2,287,486</u>	<u>2,408,254</u>	<u>(120,768)</u>
<i>Net Position End of Year</i>	<u>\$ 51,108,040</u>	<u>\$ 48,844,905</u>	<u>\$ 2,263,135</u>	<u>\$ 1,904,834</u>	<u>\$ 2,287,486</u>	<u>\$ (382,652)</u>

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being operating grants. Other prominent sources are property taxes, permissive sales taxes and charges for services.

Governmental revenue is comprised of program revenue and general revenue. General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of property tax, sales tax and intergovernmental revenues. The County monitors its sources of revenues very closely for fluctuations.

Permissive sales taxes increased as a result of increased state gas tax receipts. Other local taxes increased primarily due to increased lodging tax receipts. Proceeds from sale of assets increased as a result of increased forfeited land sales. General receipts increased primarily as a result of funding from the American Rescue Plan Act (ARPA), which is not restricted to a specific program of the County.

The largest program function of the County is for human services, which includes the public assistance and children and family services programs. Other major program disbursements for governmental activities include health, public works and general government – legislative and executive. During 2021, capital outlay disbursements increased as the County continued the Road Preservation & Improvement Project which is designed to improve secondary roads throughout the County.

Business-Type Activities include water and sewer operations. The revenues are generated primarily from charges for services. In 2021, charges for services accounted for 57 percent of the business-type revenues. OWDA proceeds increased due to a debt refinancing as previously discussed.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2021 compared to 2020. The statement of activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, unrestricted intergovernmental receipts, and unrestricted interest receipts.

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General Government				
Legislative and Executive	\$ 8,674,990	\$ 8,527,886	\$ 6,019,088	\$ 2,960,498
Judicial	4,294,453	3,912,721	2,862,900	2,402,316
Public Safety	5,844,136	5,161,160	4,900,668	4,158,163
Public Works	7,284,215	7,465,510	(115,972)	303,903
Health	9,428,603	8,709,317	6,974,040	6,710,080
Human Services	14,476,832	14,102,518	2,431,722	1,911,703
Economic Development	546,847	31,415	10,583	(4,197)
Other	291,488	280,543	291,488	280,543
Capital Outlay	3,140,458	1,828,810	3,006,553	1,643,365
Debt Service:				
Principal Retirements	1,349,651	1,023,443	1,349,651	1,023,443
Interest and Fiscal Charges	140,640	125,720	140,640	125,720
Total Disbursements	\$ 55,472,313	\$ 51,169,043	\$ 27,871,361	\$ 21,515,537

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Charges for services, operating grants and contributions and capital grants and contributions represent 50 percent of the total costs of services are received and used to fund the disbursements of the County. The remaining disbursements are funded by property taxes, permissive sales taxes, other local taxes, intergovernmental receipts, interest and miscellaneous receipts.

Financial Analysis of County Funds

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

Governmental Funds

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

The General Fund is the primary operating fund of the County. The fund balance of the County's General Fund increased during 2021. This was primarily caused by an increase in sales tax receipts.

The Public Assistance Fund had an increase in fund balance of \$24,995.

The Motor Vehicle and Gasoline Tax Fund had a decrease in fund balance which was primarily due to transfers to the non-major debt service funds for debt payments.

The Board of Developmental Disabilities Fund saw a decrease during 2021. This was primarily caused by disbursements continuing to outpace receipts.

The Children's Services Fund had a decrease in fund balance of \$345,561 primarily due to increased disbursements outpacing receipts.

Business-Type Activities

The County's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the non-major water fund at the end of the year amounted to \$799,776 and the unrestricted net position of the sewer fund was \$1,105,058. Growth in net position for the water fund was \$40,287, before transfers, while the sewer fund saw a decrease in net position of \$191,131, after transfers. Other factors concerning the finances of these two funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

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

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was not significant.

Final Budget Compared to Actual Results The most significant difference between estimated revenues and actual revenues was for sales tax receipts, which was caused by increased in state gas tax rates.

Final disbursement appropriations were higher than the actual disbursements. The most significant differences between final budgeted appropriations and actual disbursement were for legislative and executive and capital outlay, which were less than anticipated.

There were significant variances within other financing sources and uses for transfers, which were less than anticipated.

Debt

At December 31, 2021, Guernsey County had the following debt outstanding:

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Special Assessment Bonds	\$ 105,700	\$ 117,600	\$ 245,400	\$ 265,100	\$ 351,100	\$ 382,700
General Obligation Bonds	5,116,896	6,387,617	1,782,654	1,882,287	6,899,550	8,269,904
OPWC Loans	364,817	431,847	712,498	762,498	1,077,315	1,194,345
OWDA Loans	-	-	5,046,643	2,181,428	5,046,643	2,181,428
USDA Loan	-	-	-	3,289,000	-	3,289,000
Total	\$ 5,587,413	\$ 6,937,064	\$ 7,787,195	\$ 8,380,313	\$ 13,374,608	\$ 15,317,377

The County refinanced the USDA loan with a new OWDA loan in the amount of \$2,994,125. For further information regarding the County's debt, refer to Note 10 to the basic financial statements.

Economic Factors

The unemployment rate for Guernsey County averaged 4.1 percent in November 2021. This rate is lower than the State of Ohio rate of 4.8 percent in November 2021.

The County's \$1,135,044,360 overall assessed valuation has increased \$98,740,370 from the prior year due to a reappraisal and public utility increases. The table below compares 2020 values to 2021 values.

	2020	2021	Change
Real Property	\$ 873,341,700	\$ 938,395,910	\$ 65,054,210
Public Utility Real Property	372,440	418,820	46,380
Public Utility Personal Property	162,589,850	196,229,630	33,639,780
Total Assessed Value	\$ 1,036,303,990	\$ 1,135,044,360	\$ 98,740,370

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Requests for Information

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

Guernsey County, Ohio
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 49,286,763	\$ 1,904,834	\$ 51,191,597
Cash and Cash Equivalents in Segregated Accounts	136,895	-	136,895
Cash and Cash Equivalents with Fiscal Agents	1,684,382	-	1,684,382
<i>Total Assets</i>	<u>\$ 51,108,040</u>	<u>\$ 1,904,834</u>	<u>\$ 53,012,874</u>
Net Position			
Restricted for:			
Capital Outlay	\$ 4,203,243	\$ -	\$ 4,203,243
Debt Service	168,959	-	168,959
Motor Vehicle and Gasoline Tax	1,192,329	-	1,192,329
Public Assistance	692,999	-	692,999
Children Services	2,718,898	-	2,718,898
Expendable	57,934	-	57,934
Nonexpendable	20,000	-	20,000
Developmental Disabilities	9,284,734	-	9,284,734
Other Purposes	8,766,536	-	8,766,536
Unrestricted	24,002,408	1,904,834	25,907,242
<i>Total Net Position</i>	<u>\$ 51,108,040</u>	<u>\$ 1,904,834</u>	<u>\$ 53,012,874</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government							
Legislative and Executive	\$ 8,674,990	\$ 2,627,365	\$ 334	\$ 28,203	\$ (6,019,088)	\$ -	\$ (6,019,088)
Judicial	4,294,453	1,030,664	400,889	-	(2,862,900)	-	(2,862,900)
Public Safety	5,844,136	387,460	556,008	-	(4,900,668)	-	(4,900,668)
Public Works	7,284,215	163,298	5,675,677	1,561,212	115,972	-	115,972
Health	9,428,603	1,051,027	1,403,536	-	(6,974,040)	-	(6,974,040)
Human Services	14,476,832	429,910	11,615,200	-	(2,431,722)	-	(2,431,722)
Economic Development	546,847	-	536,264	-	(10,583)	-	(10,583)
Other	291,488	-	-	-	(291,488)	-	(291,488)
Capital Outlay	3,140,458	83,278	-	50,627	(3,006,553)	-	(3,006,553)
Debt Service:							
Principal Retirements	1,349,651	-	-	-	(1,349,651)	-	(1,349,651)
Interest and Fiscal Charges	140,640	-	-	-	(140,640)	-	(140,640)
<i>Total Governmental Activities</i>	<u>55,472,313</u>	<u>5,773,002</u>	<u>20,187,908</u>	<u>1,640,042</u>	<u>(27,871,361)</u>	<u>-</u>	<u>(27,871,361)</u>
Business-Type Activities							
Sewer	4,113,712	883,042	-	-	-	(3,230,670)	(3,230,670)
Water	3,164,279	3,155,952	26,456	-	-	18,129	18,129
<i>Total Business-Type Activities</i>	<u>7,277,991</u>	<u>4,038,994</u>	<u>26,456</u>	<u>-</u>	<u>-</u>	<u>(3,212,541)</u>	<u>(3,212,541)</u>
<i>Total Government</i>	<u>\$ 62,750,304</u>	<u>\$ 9,811,996</u>	<u>\$ 20,214,364</u>	<u>\$ 1,640,042</u>	<u>\$ 27,871,361</u>	<u>\$ (3,212,541)</u>	<u>\$ (31,083,902)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					2,483,279	-	2,483,279
Health Levy					1,706,240	-	1,706,240
County Home					809,506	-	809,506
Children Services					1,619,009	-	1,619,009
Development Disabilities					1,765,117	-	1,765,117
Enhanced 911 System Levy					948,143	-	948,143
Senior Citizens Levy					1,531,814	-	1,531,814
Sales Taxes Levied for:							
General Purposes					9,952,144	-	9,952,144
Debt Service					276,000	-	276,000
Capital Improvement					462,000	-	462,000
Other Local Taxes					989,043	-	989,043
Grants and Entitlements not Restricted to Specific Programs					2,192,576	-	2,192,576
American Rescue Plan Act Funding - Not Restricted					3,775,507	-	3,775,507
Proceeds from Sale of Assets					478,272	-	478,272
Investment Earnings					318,206	-	318,206
Proceeds of OWDA Loans					-	2,994,125	2,994,125
Miscellaneous					641,246	22,158	663,404
<i>Total General Receipts</i>					<u>29,948,102</u>	<u>3,016,283</u>	<u>32,964,385</u>
Transfers					186,394	(186,394)	-
<i>Change in Net Position</i>					<u>2,263,135</u>	<u>(382,652)</u>	<u>1,880,483</u>
<i>Net Position Beginning of Year</i>					<u>48,844,905</u>	<u>2,287,486</u>	<u>51,132,391</u>
<i>Net Position End of Year</i>					<u>\$ 51,108,040</u>	<u>\$ 1,904,834</u>	<u>\$ 53,012,874</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balance
Governmental Funds
December 31, 2021

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	Children's Services	All Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 17,769,454	\$ 692,999	\$ 1,192,329	\$ 7,600,352	\$ 1,068,564	\$ 14,629,705	\$ 42,953,403
Cash and Cash Equivalents in Segregated Accounts	-	-	-	-	-	136,895	136,895
Cash and Cash Equivalents with Fiscal Agents	-	-	-	1,684,382	-	-	1,684,382
<i>Total Assets</i>	<u>\$ 17,769,454</u>	<u>\$ 692,999</u>	<u>\$ 1,192,329</u>	<u>\$ 9,284,734</u>	<u>\$ 1,068,564</u>	<u>\$ 14,766,600</u>	<u>\$ 44,774,680</u>
Fund Balances							
Nonspendable	\$ 114,166	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 134,166
Restricted	-	692,999	1,192,329	9,284,734	1,068,564	14,732,840	26,971,466
Committed	175,000	-	-	-	-	13,760	188,760
Assigned	2,193,193	-	-	-	-	-	2,193,193
Unassigned	15,287,095	-	-	-	-	-	15,287,095
<i>Total Fund Balances</i>	<u>\$ 17,769,454</u>	<u>\$ 692,999</u>	<u>\$ 1,192,329</u>	<u>\$ 9,284,734</u>	<u>\$ 1,068,564</u>	<u>\$ 14,766,600</u>	<u>\$ 44,774,680</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position - Cash Assets of Governmental Activities
December 31, 2021*

Total Governmental Fund Balances \$ 44,774,680

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

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

6,333,360

Net Position of Governmental Activities

\$ 51,108,040

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	Children's Services	All Other Governmental Funds	Total Governmental Funds
Receipts							
Property Taxes	\$ 2,483,279	\$ -	\$ -	\$ 1,765,117	\$ 1,619,009	\$ 4,995,703	\$ 10,863,108
Sales Taxes	9,952,144	-	-	-	-	738,000	10,690,144
Other Local Taxes	-	-	-	-	-	989,043	989,043
Special Assessments	-	-	-	-	-	36,209	36,209
Charges for Services	2,536,712	-	-	354,015	279,832	1,898,115	5,068,674
Licenses and Permits	9,036	-	117,378	-	-	218,892	345,306
Fines and Forfeitures	42,678	-	45,920	-	-	164,539	253,137
Intergovernmental	2,192,576	6,158,637	5,675,339	1,187,395	4,152,694	8,376,081	27,742,722
Interest	318,206	-	338	168	174	1,539	320,425
Rent	-	-	-	-	-	105,885	105,885
Contributions and Donations	-	-	-	-	4,420	10,463	14,883
Other	473,100	1,330	61,268	-	14,371	91,177	641,246
<i>Total Receipts</i>	<u>18,007,731</u>	<u>6,159,967</u>	<u>5,900,243</u>	<u>3,306,695</u>	<u>6,070,500</u>	<u>17,625,646</u>	<u>57,070,782</u>
Disbursements							
Current:							
General Government							
Legislative and Executive	6,660,963	-	-	-	-	2,278,082	8,939,045
Judicial	3,575,056	-	-	-	-	724,853	4,299,909
Public Safety	4,165,896	-	-	-	-	1,836,242	6,002,138
Public Works	127,280	-	5,862,719	-	-	1,426,526	7,416,525
Health	36,516	-	-	4,511,739	-	4,982,342	9,530,597
Human Services	432,488	6,207,713	-	-	6,416,061	1,564,852	14,621,114
Economic Development and Assistance	-	-	-	-	-	546,847	546,847
Other	291,488	-	-	-	-	-	291,488
Capital Outlay	104,014	2,695	-	-	-	3,033,749	3,140,458
Debt Service:							
Principal Retirement	-	-	67,030	-	-	1,282,621	1,349,651
Interest and Fiscal Charges	-	-	-	-	-	140,640	140,640
<i>Total Disbursements</i>	<u>15,393,701</u>	<u>6,210,408</u>	<u>5,929,749</u>	<u>4,511,739</u>	<u>6,416,061</u>	<u>17,816,754</u>	<u>56,278,412</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,614,030</u>	<u>(50,441)</u>	<u>(29,506)</u>	<u>(1,205,044)</u>	<u>(345,561)</u>	<u>(191,108)</u>	<u>792,370</u>
Other Financing Sources (Uses)							
Proceeds from Sale of Assets	-	-	-	6,000	-	472,272	478,272
Transfers In	25,000	75,436	47,034	-	-	1,705,574	1,853,044
Transfers Out	(796,804)	-	(844,846)	-	-	(25,000)	(1,666,650)
Advances In	-	-	-	-	-	10,000	10,000
Advances Out	-	-	-	-	-	(10,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(771,804)</u>	<u>75,436</u>	<u>(797,812)</u>	<u>6,000</u>	<u>-</u>	<u>2,152,846</u>	<u>664,666</u>
<i>Net Change in Fund Balance</i>	1,842,226	24,995	(827,318)	(1,199,044)	(345,561)	1,961,738	1,457,036
<i>Fund Balance Beginning of Year</i>	<u>15,927,228</u>	<u>668,004</u>	<u>2,019,647</u>	<u>10,483,778</u>	<u>1,414,125</u>	<u>12,804,862</u>	<u>43,317,644</u>
<i>Fund Balance End of Year</i>	<u>\$ 17,769,454</u>	<u>\$ 692,999</u>	<u>\$ 1,192,329</u>	<u>\$ 9,284,734</u>	<u>\$ 1,068,564</u>	<u>\$ 14,766,600</u>	<u>\$ 44,774,680</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2021*

Net Change in Fund Balances - Total Governmental Funds \$ 1,457,036

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental disbursements and related internal service fund receipts are eliminated. The net revenue receipts (disbursements) of the internal service fund is allocated among the governmental activities.

806,099

Change in Net Position of Governmental Activities

\$ 2,263,135

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property Taxes	\$ 2,450,000	\$ 2,450,000	\$ 2,389,091	\$ (60,909)
Sales Taxes	7,980,000	7,980,000	9,952,144	1,972,144
Charges for Services	1,918,497	1,918,497	2,156,965	238,468
Licenses and Permits	7,300	7,300	9,036	1,736
Fines and Forfeitures	54,500	54,500	42,678	(11,822)
Intergovernmental	1,624,166	1,624,166	2,192,576	568,410
Interest	500,000	500,000	318,206	(181,794)
Other	241,684	241,684	405,775	164,091
<i>Total Receipts</i>	<u>14,776,147</u>	<u>14,776,147</u>	<u>17,466,471</u>	<u>2,690,324</u>
Disbursements				
Current:				
General Government				
Legislative and Executive	7,362,957	7,688,999	6,857,844	831,155
Judicial	3,337,489	3,510,488	3,349,382	161,106
Public Safety	4,240,252	4,338,200	4,300,701	37,499
Public Works	154,783	154,783	127,400	27,383
Health	109,630	109,631	44,516	65,115
Human Services	529,375	530,741	449,404	81,337
Other	296,553	301,455	291,488	9,967
Capital Outlay	1,068,600	442,529	116,787	325,742
<i>Total Disbursements</i>	<u>17,099,639</u>	<u>17,076,826</u>	<u>15,537,522</u>	<u>1,539,304</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,323,492)</u>	<u>(2,300,679)</u>	<u>1,928,949</u>	<u>4,229,628</u>
Other Financing Sources (Uses)				
Transfers In	25,100	25,100	33,305	8,205
Transfers Out	(1,277,717)	(1,300,530)	(816,804)	483,726
<i>Total Other Financing Sources (Uses)</i>	<u>(1,252,617)</u>	<u>(1,275,430)</u>	<u>(783,499)</u>	<u>491,931</u>
<i>Net Change in Fund Balance</i>	<u>(3,576,109)</u>	<u>(3,576,109)</u>	<u>1,145,450</u>	<u>4,721,559</u>
<i>Fund Balance Beginning of Year</i>	13,861,253	13,861,253	13,861,253	-
Prior Year Encumbrances Appropriated	<u>305,129</u>	<u>305,129</u>	<u>305,129</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 10,590,273</u>	<u>\$ 10,590,273</u>	<u>\$ 15,311,832</u>	<u>\$ 4,721,559</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Intergovernmental	\$ 7,345,510	\$ 6,165,402	\$ 6,158,637	\$ (6,765)
Other	-	-	1,330	1,330
<i>Total Receipts</i>	<u>7,345,510</u>	<u>6,165,402</u>	<u>6,159,967</u>	<u>(5,435)</u>
Disbursements				
Current:				
Human Services	8,071,006	6,880,899	6,559,798	321,101
Capital Outlay	1,000	11,000	2,695	8,305
<i>Total Disbursements</i>	<u>8,072,006</u>	<u>6,891,899</u>	<u>6,562,493</u>	<u>329,406</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(726,496)</u>	<u>(726,497)</u>	<u>(402,526)</u>	<u>323,971</u>
Other Financing Sources (Uses)				
Transfers In	<u>70,000</u>	<u>70,000</u>	<u>75,436</u>	<u>5,436</u>
<i>Net Change in Fund Balance</i>	(656,496)	(656,497)	(327,090)	329,407
<i>Fund Balance Beginning of Year</i>	371,605	371,605	371,605	-
Prior Year Encumbrances Appropriated	<u>284,893</u>	<u>284,893</u>	<u>284,893</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 329,408</u>	<u>\$ 329,407</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Licenses and Permits	\$ 43,181	\$ 43,181	\$ 117,378	\$ 74,197
Fines and Forfeitures	140,000	45,920	45,920	-
Intergovernmental	5,350,000	5,350,000	5,675,339	325,339
Interest	1,000	1,000	338	(662)
Other	74,819	74,819	61,268	(13,551)
<i>Total Receipts</i>	<u>5,609,000</u>	<u>5,514,920</u>	<u>5,900,243</u>	<u>385,323</u>
Disbursements				
Current:				
Public Works	7,187,521	6,256,564	5,993,737	262,827
Debt Service:				
Principal Retirement	75,000	67,030	67,030	-
<i>Total Disbursements</i>	<u>7,262,521</u>	<u>6,323,594</u>	<u>6,060,767</u>	<u>262,827</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,653,521)</u>	<u>(808,674)</u>	<u>(160,524)</u>	<u>648,150</u>
Other Financing Sources (Uses)				
Transfers In	-	-	47,034	47,034
Transfers Out	-	(844,846)	(844,846)	-
<i>Net Change in Fund Balance</i>	<u>(1,653,521)</u>	<u>(1,653,520)</u>	<u>(958,336)</u>	<u>695,184</u>
<i>Fund Balance Beginning of Year</i>	1,975,110	1,975,110	1,975,110	-
Prior Year Encumbrances Appropriated	35,340	35,340	35,340	-
<i>Fund Balance End of Year</i>	<u>\$ 356,929</u>	<u>\$ 356,930</u>	<u>\$ 1,052,114</u>	<u>\$ 695,184</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property Taxes	1,569,500	1,569,500	1,686,627	\$ 117,127
Charges for Services	303,326	302,024	354,015	51,991
Intergovernmental	1,498,674	673,781	1,187,395	513,614
Interest	-	-	168	168
<i>Total Receipts</i>	3,371,500	2,545,305	3,228,205	682,900
Disbursements				
Current:				
Health	9,144,672	7,601,512	4,653,079	2,948,433
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	6,000	6,000	6,000	-
Transfers In	1,950,000	682,733	-	(682,733)
Transfers Out	(4,450,000)	(3,899,698)	-	3,899,698
<i>Total Other Financing Sources (Uses)</i>	(2,494,000)	(3,210,965)	6,000	3,216,965
<i>Net Change in Fund Balance</i>	(8,267,172)	(8,267,172)	(1,418,874)	6,848,298
<i>Fund Balance Beginning of Year</i>	10,242,841	10,242,841	10,242,841	-
Prior Year Encumbrances Appropriated	132,557	132,557	132,557	-
<i>Fund Balance End of Year</i>	\$ 2,108,226	\$ 2,108,226	\$ 8,956,524	\$ 6,848,298

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Children's Services
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property Taxes	1,600,000	1,566,682	1,566,682	\$ -
Charges for Services	180,000	260,474	279,832	19,358
Intergovernmental	3,618,269	4,176,695	4,152,694	(24,001)
Interest	300	-	174	174
Contributions and Donations	4,000	4,000	4,420	420
Other	10,470	10,147	14,371	4,224
<i>Total Receipts</i>	<u>5,413,039</u>	<u>6,017,998</u>	<u>6,018,173</u>	<u>175</u>
Disbursements				
Current:				
Human Services	6,315,910	7,279,792	6,870,288	409,504
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(902,871)</u>	<u>(1,261,794)</u>	<u>(852,115)</u>	<u>409,679</u>
<i>Net Change in Fund Balance</i>	(902,871)	(1,261,794)	(852,115)	409,679
<i>Fund Balance Beginning of Year</i>	<u>959,374</u>	<u>959,374</u>	<u>959,374</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>380,103</u>	<u>380,103</u>	<u>380,103</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 436,606</u>	<u>\$ 77,683</u>	<u>\$ 487,362</u>	<u>\$ 409,679</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2021

	Enterprise Funds		Governmental Activities - Internal Service Fund	
	Sewer	Nonmajor Enterprise Fund		Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,105,058	\$ 799,776	\$ 1,904,834	\$ 6,333,360
Net Position				
Unrestricted	\$ 1,105,058	\$ 799,776	\$ 1,904,834	\$ 6,333,360

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Funds		Governmental Activities - Internal Service Fund
	Sewer	Nonmajor Enterprise Fund	
Operating Receipts			
Charges for Services	\$ 881,242	\$ 3,108,452	\$ 3,989,694
Tap-In Fees	1,800	47,500	49,300
Other	-	22,158	22,158
<i>Total Operating Receipts</i>	<u>883,042</u>	<u>3,178,110</u>	<u>4,061,152</u>
Operating Disbursements			
Personal Services	210,148	598,152	808,300
Contractual Services	307,342	2,103,466	2,410,808
Materials and Supplies	22,340	197,860	220,200
Claims	-	-	-
Capital Outlay	6,822	8,377	15,199
Other	1,500	7,453	8,953
<i>Total Operating Disbursements</i>	<u>548,152</u>	<u>2,915,308</u>	<u>3,463,460</u>
<i>Operating Income (Loss)</i>	<u>334,890</u>	<u>262,802</u>	<u>597,692</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	-	26,456	26,456
Proceeds of OWDA Loans	2,994,125	-	2,994,125
Principal Retirement	(3,444,483)	(142,760)	(3,587,243)
Interest and Fiscal Charges	(121,077)	(106,211)	(227,288)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(571,435)</u>	<u>(222,515)</u>	<u>(793,950)</u>
<i>Income (Loss) Before Transfers</i>	(236,545)	40,287	(196,258)
Transfers In	45,414	-	45,414
Transfers Out	-	(231,808)	(231,808)
<i>Change in Net Position</i>	(191,131)	(191,521)	(382,652)
<i>Net Position Beginning of Year</i>	<u>1,296,189</u>	<u>991,297</u>	<u>2,287,486</u>
<i>Net Position End of Year</i>	<u>\$ 1,105,058</u>	<u>\$ 799,776</u>	<u>\$ 1,904,834</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2021

	<u>Custodial Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,472,397
Cash and Cash Equivalents in Segregated Accounts	<u>521,300</u>
<i>Total Assets</i>	<u>4,993,697</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 4,993,697</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2021

	Custodial Funds
Additions	
Intergovernmental	\$ 5,290,072
Amounts Received as Fiscal Agent	1,683,748
Licenses, Permits & Fees for Other Governments	8,738,258
Fines & Forfeitures for Other Governments	446,373
Property Tax Collections for Other Governments	38,730,149
Sheriff Sale Collections for Other Governments	730,347
Amounts Received for Others	340,475
Other	220,332
<i>Total Additions</i>	56,179,754
Deductions	
Distributions as Fiscal Agent	1,460,876
Distributions of State Funds to Other Governments	5,320,871
Licenses, Permits & Fee Distributions to Other Governments	8,707,221
Fines & Forfeitures Distributions to Other Governments	423,779
Property Tax Distributions to Other Governments	37,599,340
Sheriff Sale Distributions to Other Governments	729,833
Other Distributions	541,443
<i>Total Deductions</i>	54,783,363
 <i>Change in Net Position</i>	 1,396,391
 <i>Net Position Beginning of Year</i>	 3,597,306
 <i>Net Position End of Year</i>	 \$ 4,993,697

See accompanying notes to the cash financial statements.

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Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the levying of taxes, the issuance of debt, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

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

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

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

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

- Southeastern Ohio Joint Solid Waste Management District
- Guernsey-Monroe-Noble Community Action Corporation (GMN)
- Oakview Juvenile Residential Center
- Guernsey County Family Service Council
- Mental Health and Recovery Services Board
- Mid-East Ohio Regional Council of Governments (MEORC)
- Ohio Mid-Eastern Governments Association (OMEGA)
- Cambridge-Guernsey County Visitors and Convention Bureau
- Area Agency on Aging, Region 9
- Eastern Ohio Correctional Center (EOCC)
- South East Area Transit (SEAT)
- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Park District
- Guernsey County Airport Authority
- County Risk Sharing Authority, Inc. (CORSA)
- County Commissioners Association of Ohio (CCAO) Worker's Compensation Group Retrospective rating program.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

Children's Services – The Children's Services Fund accounts for a County-wide property tax levy, Federal and State grants, support collections, Veteran's Administration and Social Security. Major expenditures are for foster homes, emergency shelters, medical care, school supplies, counseling and parental training.

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

Proprietary Funds

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

Internal Service Funds – The Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County’s internal service funds account for self-insurance programs which provide health and dental, benefits and worker’s compensation to the employees of the County.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. Custodial funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

E. Cash and Investments

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

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

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

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

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

During 2021, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to state statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 were \$318,206, which includes \$221,814 assigned from other County funds.

F. Inventory and Prepaid Items

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Pensions/Other Postemployment Benefits (OPEB)

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

K. Interfund Transactions

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

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

L. Long-Term Obligations

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

M. Net Position

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

N. Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the County Commissioners. County Commissioners have by resolution authorized the County Auditor to assign fund balance. County Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

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

	General	Public Assistance	Motor Vehicle & Gasoline Tax	Board of Developmental Disabilities	Children's Services
Cash Basis	\$ 1,842,226	\$ 24,995	\$ (827,318)	\$ (1,199,044)	\$ (345,561)
Beginning of Year:					
Custodial Fund Cash Allocation	168,512	11,504	9,197	108,380	61,694
End of Year:					
Custodial Fund Cash Allocation	(352,588)	(38,386)	(26,502)	(203,528)	(132,229)
Funds Budgeted Elsewhere *	(46,514)	-	-	-	-
Adjustment for Encumbrances	(466,186)	(325,203)	(113,713)	(124,682)	(436,019)
Budget Basis	\$ 1,145,450	\$ (327,090)	\$ (958,336)	\$ (1,418,874)	\$ (852,115)

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

NOTE 4 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet the 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 County has identified as not required for use within the current two-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.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

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

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal governmental agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to Ohio Revised Code (ORC) sections 135.32;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other state, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation and that mature not later than 180 days after purchase.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state, provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Cash on Hand

At year end, the County had \$6,224 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At December 31, 2021, the County's Board of Development Disabilities special revenue fund had a cash balance of \$1,684,382 with MEORC, a jointly governed organization (See Note 14). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain information, write to Mid East Ohio Regional Council, Cathy Henthorn, who serves as Executive Director, 160 Avalon Road, Mt. Vernon, Ohio 43050.

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Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

Investments

At December 31, 2021, the County had the following investments.

Investment	Measurement Value	Maturities			% of Total Investment	S&P Global Rating
		Less than 1 Year	1 to 3 Years	More Than 3 Years		
Cost:						
LPL Financial Money Market	\$ 1,004,859	\$ 1,004,859	\$ -	\$ -	2.0%	N/A
US Treasury Notes	6,358,000	2,340,000	4,018,000	-	12.9%	AAA
US Treasury Bills	9,650,000	9,650,000	-	-	19.6%	N/A
Negotiable Certificates of Deposit	6,048,000	2,576,000	1,977,000	1,495,000	12.3%	N/A
Federal Home Loan Mortgage Notes	16,150,000	-	-	16,150,000	32.9%	AA+
Federal Farm Credit Bank Bonds	7,000,000	-	1,700,000	5,300,000	14.2%	AA+
Guernsey County Secondary Road Improvement Bonds	2,841,678	791,730	1,631,725	418,223	5.8%	N/A
Net Asset Value (NAV):						
STAR Ohio	102,311	102,311	-	-	0.2%	AAAm
Total Investments	\$ 49,154,848	\$ 16,464,900	\$ 9,326,725	\$ 23,363,223	100.0%	

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

Credit Risk The County has no investment policy that addresses credit risk beyond the requirements of State statute. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2021, is 51 days.

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

NOTE 5 – PERMISSIVE SALES AND USE TAX

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

2021 real property taxes were levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2021, was \$14.60 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 938,395,910
Public Utility Real Property	418,820
Public Utility Personal Property	<u>196,229,630</u>
Total Assessed Value	<u><u>\$ 1,135,044,360</u></u>

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

NOTE 7 – RISK MANAGEMENT

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each loss. Each of these areas contains a \$2,500 member deductible amount. Property damage is covered for \$110,511,303 equipment breakdown coverage is covered for \$100,000,000 and crime insurance is covered for \$1,000,000 for each occurrence.

In addition, the County maintains replacement cost insurance through CORSA on other property including the following: \$2,500,000 for valuable papers and extra expenses, \$250,000 for unintentional omissions, \$100,000,000 for flood and earthquake damage, and \$1,000,000 for debris removal.

Contractor’s equipment is insured at replacement cost. Miscellaneous inland marine, and auto physical damage are insured for their actual cash value under CORSA.

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

With the exception of workers’ compensation, health, dental, vision, and life insurances, all other insurance is held with CORSA. The County pays all elected officials bonds by statute.

The County contracts with MedBen, Delta Dental, and True RX to provide employees with medical, dental, and prescription insurance, respectively, through a self-insurance program. The self-insurance fund pays covered claims to these providers and recovers these costs through premium charges to the various county funds whose employees participate in the County’s self-insurance program. Claim charges are approved by the claims administrator. The County maintains self-insurance internal service funds to account for and finance its uninsured risks of loss for this program.

A comparison of the self-insurance fund cash and investments to the actuarially measured liability as of December 31, 2021 follows:

	2021	2020
Cash and Investments	\$ 6,333,360	\$ 5,527,261
Actuarial liabilities	\$ 649,000	\$ 426,000

The County participates in the workers’ compensation program provided by the state of Ohio. Beginning in 2017, the County began participating in the County Commissioners Association of Ohio (CCAO) Workers’ Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool. The County continues to pay its own individual premiums and has the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating employers can receive either a premium refund or an assessment. For the 2021 program year, the County’s evaluation periods will be 12/31/22, 12/31/23, and 12/31/24. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the County’s individual premium compared to the overall Program premium. Participation in the Group Retrospective Rating Plan is limited to counties that can meet the Program’s selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the program.

The County maintains self-insurance internal service funds to account for and finance its uninsured risks of loss on these programs.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension liability and the net OPEB liability (asset) represent the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) 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/OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The net pension/OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Guernsey County, Ohio
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For the Year Ended December 31, 2021

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 ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

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

	State and Local	Law Enforcement
2021 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	**
 2021 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0
Total Employer	14.0 %	18.1 %
 Employee	 10.0 %	 13.0 %

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 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 was \$2,461,868 for 2021.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Period	0.123178%
Prior Measurement Period	0.119119%
Change in Proportion	0.004059%
 Proportionate Share of the Net	
Pension Liability	\$ 18,239,980

Actuarial Assumptions - OPERS

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 to 10.75 percent (including wage inflation)
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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

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

The 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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.20 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 benefit 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 discount rate of 7.20 percent and the County’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's Proportionate Share of the Net Pension Liability	\$ 34,792,858	\$ 18,239,980	\$ 4,476,289

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

See Note 8 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report 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.

Guernsey County, Ohio
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For the Year Ended December 31, 2021

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County had no contractually required contribution for 2021.

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net OPEB Liability (Asset):	
Current Measurement Period	0.117817%
Prior Measurement Period	0.113928%
Change in Proportion	0.003889%
Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,099,004)

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.

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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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the total OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the County’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the County’s proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's Proportionate Share of the Net OPEB (Asset)	\$ (521,929)	\$ (2,099,004)	\$ (3,395,486)

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant

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future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB (Asset)	\$ (2,150,160)	\$ (2,099,004)	\$ (2,041,769)

Changes between Measurement Date and Report Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 10 - DEBT

The County's debt activity for the year ended December 31, 2021 was as follows:

	Outstanding 1/1/2021	Additions	Reductions	Outstanding 12/31/2021	Amounts Due Within One Year
Governmental Activities:					
<i>Direct Placements:</i>					
Stop Nine Sanitary Sewer-1993, \$559,200, 5%	\$ 32,600	\$ -	\$ (1,900)	\$ 30,700	\$ 1,900
State Route 313 Sewer-2006, \$200,000, 4.20-5.25%	85,000	-	(10,000)	75,000	15,000
Guernsey County Secondary Road Improvement Bonds - Series 2020	3,617,744	-	(776,066)	2,841,678	791,730
<i>Total Direct Placements</i>	3,735,344	-	(787,966)	2,947,378	808,630
<i>General Obligation Bonds:</i>					
Ohio State University Extension Building - Series 2007	96,595	-	(11,567)	85,028	12,241
Various Purpose Refunding and Improvement - Series 2012	2,530,000	-	(475,000)	2,055,000	485,000
Building Improvement Bonds - Series 2014	143,278	-	(8,088)	135,190	8,374
<i>Total General Obligation Bonds</i>	2,769,873	-	(494,655)	2,275,218	505,615
<i>Direct Borrowings:</i>					
OPWC Loan - 2007	19,969	-	(2,663)	17,306	2,663
OPWC Loan - 2018	257,525	-	(51,504)	206,021	51,505
OPWC Loan - 2020	154,353	-	(12,863)	141,490	12,863
<i>Total Direct Borrowings:</i>	431,847	-	(67,030)	364,817	67,031
Total Governmental Activities	\$ 6,937,064	\$ -	\$(1,349,651)	\$ 5,587,413	\$ 1,381,276

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	Outstanding 1/1/2021	Additions	Reductions	Outstanding 12/31/2021	Amounts Due Within One Year
Business-Type Activities:					
<i>Direct Placements:</i>					
Kimblton Waterline - 1992, \$142,000, 5.75%	\$ 56,500	\$ -	\$ (4,700)	\$ 51,800	\$ 4,900
North Salem Waterline - 1994, \$450,000, 5%	208,600	-	(15,000)	193,600	15,700
<i>Total Direct Placements</i>	<u>265,100</u>	<u>-</u>	<u>(19,700)</u>	<u>245,400</u>	<u>20,600</u>
<i>General Obligation Bonds:</i>					
Route 40 East Waterline - 2008, \$2,839,000, 4.42%	1,882,287	-	(99,633)	1,782,654	104,087
<i>Direct Borrowings:</i>					
Water Fund OWDA - 2006, \$288,657, 2%	98,945	-	(15,681)	83,264	15,997
Water Fund OWDA - 2009, \$69,134, 2%	29,898	-	(3,062)	26,836	3,126
Water Fund OWDA - 2010, \$112,010, 3.27%	54,437	-	(4,684)	49,753	4,839
Sewer Fund OWDA - 2015, \$1,354,297 .56%	980,164	-	(62,818)	917,346	63,170
Sewer Fund OWDA - 2011, \$1,363,953, 1%	1,017,984	-	(42,665)	975,319	43,092
Sewer Fund OWDA - 2021, \$3,004,604 .75%	-	2,994,125	-	2,994,125	80,858
Sewer Fund OPWC - 2015	387,499	-	(25,000)	362,499	25,000
Sewer Fund OPWC - 2015	374,999	-	(25,000)	349,999	25,000
USDA Loan - 2011	3,289,000	-	(3,289,000)	-	-
<i>Total Direct Borrowings</i>	<u>6,232,926</u>	<u>2,994,125</u>	<u>(3,467,910)</u>	<u>5,759,141</u>	<u>261,082</u>
Total Business-Type Activities	<u>\$8,380,313</u>	<u>\$ 2,994,125</u>	<u>\$(3,587,243)</u>	<u>\$7,787,195</u>	<u>\$ 385,769</u>

Governmental Activities:

Special Assessment Bonds –Special assessment bonded debt outstanding is being repaid from the Special Assessment Bond Retirement Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. Principal and interest requirements to retire the special assessment bonds outstanding at December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 16,900	\$ 5,473	\$ 22,373
2023	17,000	4,590	21,590
2024	17,200	3,702	20,902
2025	17,200	2,806	20,006
2026	17,400	1,908	19,308
2027-2031	13,500	3,720	17,220
2032-2033	6,500	490	6,990
	<u>\$ 105,700</u>	<u>\$ 22,689</u>	<u>\$ 128,389</u>

General Obligation Bonds –General obligation bonded debt outstanding is being retired by the Bond Retirement Fund. The following bonds are backed by the full faith and credit of the County, therefore, there is no provision of default disclosed in the debt agreements.

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

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

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

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

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

On June 10, 2020, the County issued bonds in the amount of \$4,000,000. The bonds were issued for the purpose of improving secondary roads throughout the County. The bonds were issued for a five year period at a 2.00 percent interest rate.

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

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 1,292,345	\$ 107,701	\$ 1,400,046
2023	1,324,336	80,149	1,404,485
2024	1,056,701	51,895	1,108,596
2025	652,026	29,525	681,551
2026	239,977	19,532	259,509
2027-2031	514,699	27,158	541,857
2032-2034	36,812	2,285	39,097
	\$ 5,116,896	\$ 318,245	\$ 5,435,141

Direct Borrowings

Ohio Public Works Commission (OPWC) Loans - The County entered into Ohio Public Works Commission loans for various road paving projects within the County which will be repaid from the Motor Vehicle and Gasoline Tax Fund. The 2007, 2018, and 2020 loans were issued for \$53,257, \$360,533, and \$154,353, respectively and are interest free. In the event of default, as defined by the debt agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

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Principal requirements to retire the OPWC loans outstanding at December 31, 2021 are as follows:

Year Ending December 31,	<u>OPWC</u> Principal
2022	\$ 67,031
2023	67,031
2024	67,031
2025	67,030
2026	15,526
2027-2031	68,307
2032-2033	12,861
	<u>\$ 364,817</u>

Business-Type Activities:

Special Assessment Bonds – The special assessment bond was issued to construct lines associated with the County water system. Special assessment bonded debt outstanding is being repaid from the Water Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. Principal requirements to retire the special assessment bonds outstanding at December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 20,600	\$ 15,366	\$ 35,966
2023	21,700	14,299	35,999
2024	22,900	13,175	36,075
2025	24,000	11,989	35,989
2026	25,300	10,746	36,046
2027-2030	130,900	31,667	162,567
	<u>\$ 245,400</u>	<u>\$ 97,242</u>	<u>\$ 342,642</u>

General Obligation Bonds – The general obligation bonds were issued to construct lines and a building associated with the County water system. These bonds will be repaid from revenues derived by the County from the operation of the water system. These bonds are backed by the full faith and credit of the County, therefore, there is no provision of default disclosed in the debt agreements.

Principal requirements to retire the general obligation bonds outstanding at December 31, 2021 are as follows:

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Year Ending December 31,	Principal	Interest	Total
2022	\$ 104,087	\$ 80,206	\$ 184,293
2023	108,738	75,554	184,292
2024	113,598	70,694	184,292
2025	118,675	65,617	184,292
2026	123,979	60,313	184,292
2027-2031	708,136	213,324	921,460
2032-2034	505,441	47,435	552,876
	<u>\$ 1,782,654</u>	<u>\$ 613,143</u>	<u>\$ 2,395,797</u>

Direct Borrowings

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

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

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

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

The County entered into an OWDA loan in 2015 for the Coventry Estates and Beech Meadows waste water treatment plants project.

The County entered into an OWDA loan in 2021 to refinance the United States Department of Agriculture loan for the Buffalo/Derwent sewer construction project.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

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

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

USDA Loan – During 2011, the County entered into a loan agreement with the United States Department of Agriculture (USDA) for the Buffalo/Derwent sewer construction project. The award amount of the loan is \$3,641,000 and was issued with an interest rate of 3.75 percent. The loan was refinanced with an OWDA loan during 2021.

In the event of default, as defined by the debt agreement, the lender may exercise the following remedies: declare the entire amount of principal and accrued interest outstanding immediately due and payable; incur and pay reasonable expenses (payable from funds pledged to pay the bond or other legally available source) for repair, maintenance, and operation of the facility as may be necessary to cure the cause of default; or, take possession of the facility, repair, maintain, and operate or rent it.

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Principal requirements to retire these direct borrowings outstanding at December 31, 2021 are as follows:

Year Ending December 31,	OWDA			OPWC
	Principal	Interest	Total	Principal
2022	\$ 211,082	\$ 51,256	\$ 262,338	\$ 50,000
2023	223,599	39,637	263,236	50,000
2024	225,642	36,696	262,338	50,000
2025	227,706	25,629	253,335	50,000
2026	229,799	32,538	262,337	50,000
2027-2031	1,075,421	134,629	1,210,050	250,000
2032-2036	1,012,117	87,268	1,099,385	212,498
2037-2041	774,132	58,171	832,303	-
2042-2046	564,851	30,139	594,990	-
2047-2051	502,294	9,464	511,758	-
	<u>\$ 5,046,643</u>	<u>\$ 505,427</u>	<u>\$ 5,552,070</u>	<u>\$ 712,498</u>

The County has pledged future customer revenues, net of specified operating expenses, to repay \$5,759,141 in OWDA and OPWC loans issued from 2006 to 2021. Proceeds from these loans provided financing for various water and sewer projects. The loans are payable solely from customer net revenues and are payable through 2051. Net revenues include all revenues received by the water and sewer utilities less all operating expenses. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 27.6 percent. The total principal and interest remaining to be paid on the loans is \$6,264,468. Principal and interest paid for the current year and total net revenues were \$198,612 and \$718,862, respectively.

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

NOTE 11 – COMMITMENTS

A. Contractual Commitments

At December 31, 2021, the County had contractual commitments for the following project:

	Contractual Commitment	Expended	Balance 12/31/2021
Pigeon Gap Road (TR 361) Bridge Replacement	\$ 683,876	\$ 663,527	\$ 20,349
CR 346 and CR 831 Resurfacing	484,000	-	484,000
CR 33 Bridge Project	69,000	23,355	45,645
Robins Road FEMA Project	62,700	35,515	27,185
New Gottengen Road FEMA Project	54,400	34,859	19,541
HVAC Project	161,222	-	161,222
IT Upgrades	49,690	12,423	37,267
Totals	<u>\$ 1,564,888</u>	<u>\$ 769,679</u>	<u>\$ 795,209</u>

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B. Other Commitments

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

Fund	Amount
General	\$ 470,026
Public Assistance	325,202
Motor Vehicle and Gasoline Tax	113,713
Children's Services	436,019
Board of Developmental Disabilities	124,682
Other Governmental Funds	587,024
Totals	\$ 2,056,666

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

NOTE 12 – INTERFUND ACTIVITY

A. Interfund Transfers

During 2021 the following transfers were made:

Transfer To	Transfers From				Total
	General	Motor Vehicle & Gas Tax	Other Governmental	Non-Major Enterprise	
General	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Public Assistance	75,436	-	-	-	75,436
Motor Vehicle & Gas Tax	47,034	-	-	-	47,034
Other Governmental	628,920	844,846	-	231,808	1,705,574
Sewer	45,414	-	-	-	45,414
<i>Total</i>	\$ 796,804	\$ 844,846	\$ 25,000	\$ 231,808	\$ 1,898,458

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

The General Fund, the Motor Vehicle & Gas Tax Fund and the Water Fund (non-major) transferred \$16,957, \$844,846 and \$231,808 respectively, to the non-major debt service funds for debt payments. Through a court order, the Court Fund transferred \$25,000 to the General Fund for wages and expenses related to courthouse security, training and case preparation. All other transfers were made from the General Fund to various other funds to provide additional resources for current operations.

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B. Interfund Advances

During 2021, through a court order, the Court Fund advanced \$5,000 to the VOCA Grant Fund. This advance was repaid during the current year.

Note 13 – Fund Balances

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds.

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

	General	Public Assistance	Motor Vehicle and Gas Tax	Board of Developmental Disabilities	Children's Services	Other Governmental Funds	Total
Nonspendable for:							
Unclaimed Monies	\$ 114,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,166
Children Services	-	-	-	-	-	20,000	20,000
Total Restricted	114,166	-	-	-	-	20,000	134,166
Restricted for:							
Debt Service	-	-	-	-	-	168,959	168,959
Capital Outlay	-	-	-	-	-	4,203,243	4,203,243
Public Works	-	-	1,192,329	-	-	-	1,192,329
Human Services	-	692,999	-	-	-	-	692,999
Children Services	-	-	-	-	1,068,564	1,708,268	2,776,832
Health Services	-	-	-	9,284,734	-	-	9,284,734
Other Purposes	-	-	-	-	-	8,652,370	8,652,370
Total Restricted	-	692,999	1,192,329	9,284,734	1,068,564	14,732,840	26,971,466
Committed for:							
Capital Outlay	-	-	-	-	-	13,760	13,760
Severance Payments	175,000	-	-	-	-	-	175,000
Total Committed	175,000	-	-	-	-	13,760	188,760
Assigned for:							
Encumbrances:							
Legislative and Executive	236,380	-	-	-	-	-	236,380
Judicial	61,032	-	-	-	-	-	61,032
Health	8,000	-	-	-	-	-	8,000
Public Safety	137,578	-	-	-	-	-	137,578
Public Works	120	-	-	-	-	-	120
Human Services	16,916	-	-	-	-	-	16,916
Capital Outlay	10,000	-	-	-	-	-	10,000
Subsequent Appropriations	1,723,167	-	-	-	-	-	1,723,167
Total Assigned	2,193,193	-	-	-	-	-	2,193,193
Unassigned	15,287,095	-	-	-	-	-	15,287,095
Total Fund Balance	\$ 17,769,454	\$ 692,999	\$ 1,192,329	\$ 9,284,734	\$ 1,068,564	\$ 14,766,600	\$ 44,774,680

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

A. Southeastern Ohio Joint Solid Waste Management District

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

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were made by the County in 2021. No future contributions by the County are anticipated. A thirty-one member policy committee comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

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

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. During 2021, the County made no contributions to the Guernsey-Monroe-Noble Community Action Corporation.

C. Oakview Juvenile Residential Center

The Oakview Juvenile Residential Center is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble counties. The Center was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by Oakview Juvenile Residential Center. The participating entities created a Judicial Rehabilitation Board the members of which are made up of the Juvenile Judges of each participating county. The Board exercises total control of the budgeting, appropriation, contracting, and management. Each county's degree of control is limited to its representation on the Board.

A twelve member Advisory Board has been created whose members are appointed by the Judicial Rehabilitation Board of which all participating Counties have two appointees. The facility is located on property now owned by Belmont County. Policies, procedures, and the operating budget are approved by the Judicial Rehabilitation Board. During 2021, the County made no contributions to Oakview Juvenile Residential Center.

Guernsey County, Ohio
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For the Year Ended December 31, 2021

D. Guernsey County Family Service Council

The Guernsey County Family Service Council (Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Department of Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004", and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In 2021, the County made contributions in the amount of \$13,409 to the Council.

E. Mental Health and Recovery Services Board

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

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

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

The Mid-East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Department of Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. During 2021, the County made \$80,342 in payments to MEORC.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

G. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The continued existence of OMEGA is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the OMEGA. During 2021, OMEGA received \$4,252 from the County.

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

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and the Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. During 2021, the County made a contribution of \$5,366 to the Cambridge Guernsey County Visitors and Convention Bureau.

I. Area Agency on Aging, Region 9

The Area Agency on Aging, Region 9 (Agency) is a non-profit corporation that assists nine counties, including Guernsey County in providing services to senior citizens in the Agency's service area. The Agency is governed by a board of directors comprised of two representatives appointed by each participating County. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Agency is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Agency. During 2021, the County made no payments to the Area Agency on Aging, Region 9.

J. Eastern Ohio Correctional Center (EOCC)

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2021, the EOCC received monies totaling \$10,123 from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC.

K. South East Area Transit (SEAT)

The South East Area Transit (SEAT) was created pursuant to state statute in 1979. SEAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SEAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SEAT is limited to a ten member board comprised of seven individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, one person appointed by the Guernsey County Commissioners and one person appointed by the Mayor of Cambridge. During 2021, SEAT received \$1,003,128 from the County along with a contribution of \$6,000. The continued existence of SEAT is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority.

NOTE 15 – RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

The Guernsey County Convention Facilities Authority (Authority) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of a five member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The Authority levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the Authority by state law. During 2021, the County made no contributions to the Guernsey County Convention Facilities Authority.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority (Authority) is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. During 2021, the County made no contributions to the Cambridge Metropolitan Housing Authority.

C. Guernsey County Park District

The Guernsey County Park District (District) is governed by a three member Park District Board of Commissioners appointed by the probate judge of the County. State statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the county auditor as fiscal officer of the commission. The county commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains a custodial fund for the District's operation since the County serves as fiscal agent for the District. During 2021, the County contributed \$4,000 to the District.

D. Guernsey County Airport Authority

The Guernsey Airport Authority (Authority) is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority. During 2021, the County contributed \$51,550 to the Authority.

NOTE 16 – PUBLIC ENTITY RISK POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

B. County Commissioners Association of Ohio (CCAO) Workers' Compensation Group Retrospective Rating Program

The County Commissioners Association of Ohio (CCAO) Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among fifty-four counties in Ohio. ORC Section 4123.29, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of eleven members, as follows: the president and the secretary/treasurer of the County Commissioners' Association of Ohio Service Corporation, nine representatives elected from the participating Counties.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

CCAO, a Bureau of Workers' Compensation (BWC)-certified sponsor, established the Program based upon guidelines set forth by BWC. CCAO created a group of Counties that will practice effective workplace safety and claims management to achieve lower premiums for workers' compensation coverage for group participants. The Counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon the performance, the participating Counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) that will assist CCAO staff in the day-to-day management of the plan, prepare and file necessary reports with BWC and member Counties, assist with loss control programs, and other duties (excluding claims-related matters which will be the responsibility of each individual participating County). The cost of the TPA will be paid by each participating County to CCAO in proportion to its payroll to the total payroll of the group. Guernsey County's premium payments to BWC in 2021 were \$133,784. Payments to the Program for administrative and TPA fees were \$7,728.

NOTE 17 – TAX ABATEMENTS

Guernsey County has entered into tax abatement agreements in order to retain or attract new industry, preserve or increase employment and revitalize the local economy. These tax abatements also affect the County's revenue stream, as they mean that the County is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. As of December 31, 2021, Guernsey County provides twenty-one tax abatements through two programs—the Community Reinvestment Area Program and the Enterprise Zone Program.

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

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

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

The total real estate property tax revenue of Guernsey County is reduced in 2021 by \$594,771 and \$107,510 for the CRA and EZ programs, respectively, as a result of tax abatements. The total reduction in 2021 is \$702,281. Therefore individual abatements equal to or greater than 10 percent or \$70,228 are disclosed individually. All other abatements are grouped and reported by type and by government agreeing to the abatement.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

Individual Abatements Granted by Guernsey County Exceeding the 10 Percent Threshold

Industry or Business	Government Granting Abatement	Type of Abatement	Amount of Taxes Abated during 2021
Berkshire Industries	County	CRA	\$ 73,350
Guernsey County Port Authority/Detroit Diesel*	County	CRA/EZ	107,510
AMG Vanadium	County	CRA	97,651
Ridge Tool	County	CRA	75,490
Total			<u>\$ 354,001</u>

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

Other Guernsey County Tax Abatements in Aggregate

Twelve other abatements were granted by the County; five were industrial and seven were commercial entities. As a result, real estate property tax revenues were reduced by \$246,845 in 2021. All thirteen of the agreements were made under the Community Reinvestment Area Program. The length of reduction in tax payments ranges from ten to fifteen years, with exemptions of 100 percent.

City of Cambridge Tax Abatements in Aggregate

Under the five agreements granted by the City of Cambridge, 2021 County real estate property tax revenues were decreased by \$101,435. All abatements were agreed to under the Community Reinvestment Area Program. The length of reduction in tax payments ranges from six to fifteen years, allowing exemptions of 50 to 100 percent. Four are commercial and one is industrial.

NOTE 18 – CONTINGENT LIABILITIES

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

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

NOTE 19 – COMPLIANCE

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2021

NOTE 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 21 – SUBSEQUENT EVENT

On August 29, 2022, the County received the remainder of the American Rescue Plan Act of 2021 from the United States Department of the Treasury, in the amount of \$3,775,506.

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GUERNSEY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Pass Through Entity Identifying Number	Federal AL Number	Provided Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Job and Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-2021-11-5931 & G 2223-11-6931	10.561	\$0	\$281,601
Total SNAP Cluster			0	281,601
Total U.S. Department of Agriculture			0	281,601
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grants - State's Programs	B-F-18-1BB-1 B-F-20-1BB-1 B-Z-18-1BB-1	14.228	0 0 0	78,644 135,900 304,398
Total Community Development Block Grants - State's Programs			0	518,942
Total U.S. Department of Housing and Urban Development			0	518,942
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through Ohio Office of Criminal Justice Services</i>				
Comprehensive Opioid Abuse Site-Based Program	BJA-2020-17023	16.838	0	72
Total U.S. Department of Justice			0	72
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed Through Workforce Investment Act Area 7</i>				
Employment Service/Wagner-Peyser Funded Activities	2020/21-7230-1	17.207	0	7,612
Unemployment Insurance RESEA Program	2020/21-7230-1	17.225	0	62,519
Trade Adjustment Assistance	2020/21-7230-1	17.245	0	1,289
WIOA Cluster:				
WIOA Adult Program	2020/21-7230-1	17.258	0	164,005
WIOA Youth Program	2020/21-7230-1	17.259	57,687	121,952
WIOA Dislocated Worker Formula Grants	2020/21-7230-1	17.278	0	141,937
Total WIOA Cluster			57,687	427,894
WIA National Emergency Grants	2020/21-7230-1	17.277	0	3,955
Total U.S. Department of Labor			57,687	503,269
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	PID 113879 PID 113646	20.205	0 0	7,796 22,320
<i>Passed Through Ohio Mid-Eastern Governments Association</i>				
Highway Planning and Construction	PID 109396		0	5,193
Total Highway Planning and Construction Cluster			0	35,309
Total U.S. Department of Transportation			0	35,309
<u>U.S. DEPARTMENT OF TREASURY</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds				
	N/A	21.027	0	8,500
<i>Passed Through Office of Budget and Management</i>				
COVID-19 Coronavirus Relief Fund	HB 481-CRF-Local	21.019	0	296
<i>Passed Through The Supreme Court of Ohio</i>				
COVID-19 Coronavirus Relief Fund	20-RTG-0100	21.019	0	18,214
Total U.S. Department of Treasury			0	27,010

GUERNSEY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Pass Through Entity Identifying Number	Federal AL Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education - Grants for Infants and Families	H181A190024	84.181	14,570	14,570
	H181A200024		13,340	13,340
Total U.S. Department of Education			27,910	27,910
U.S. ELECTION ASSISTANCE COMMISSION				
<i>Passed Through Ohio Secretary of State</i>				
Help America Vote Security Grants	2020	90.404	0	19,751
Total U.S. Election Assistance Commission			0	19,751
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	2001OHSOSR	93.667	0	41,360
<i>Passed Through Ohio Department of Job and Family Services</i>				
Social Services Block Grant	G-2021-11-5932	93.667		520
	G-2021-11-5931 & G2223-11-6931			557,857
Total Social Services Block Grant			0	599,737
Medicaid Cluster:				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Medical Assistance Program	1901OHSOSRADM & 2005OH5ADM	93.778	0	120,883
<i>Passed Through Ohio Department of Job and Family Services</i>				
Medical Assistance Program	G-2021-11-5932	93.778	0	1,047
Medical Assistance Program	G-2021-11-5931 & G2223-11-6931		0	854,887
Total Medicaid Cluster			0	976,817
<i>Passed Through Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	5AU-21-C0030 & G-2223-06-0336	93.556	15,294	15,294
Promoting Safe and Stable Families	G-2021-11-5931 & G2223-11-6931		0	2,114
Promoting Safe and Stable Families	G-2021-11-5932		0	43,187
Total Promoting Safe and Stable Families			15,294	60,595
Temporary Assistance for Needy Families	G-2021-11-5932	93.558	0	5,247
	G-2021-11-5931 & G2223-11-6931		225,746	2,185,235
Total Temporary Assistance for Needy Families			225,746	2,190,482
Child Support Enforcement	G-2021-11-5931 & G2223-11-6931	93.563	0	1,054,709
Child Care and Development Fund (CCDF) Cluster				
Child Care and Development Block Grant	G-2021-11-5931 & G2223-11-6931	93.575	0	68,147
Total Child Care and Development Fund (CCDF) Cluster			0	68,147
Stephanie Tubbs Jones Child Welfare Services Program	5AU-21-C0030 & G-2223-06-0336	93.645	1,891	1,891
	G-2021-11-5931 & G2223-11-6931			2,592
	G-2021-11-5932		0	109,209
Total Stephanie Tubbs Jones Child Welfare Services Program			1,891	113,692
Foster Care Title IV-E	G-2021-11-5932	93.658	0	1,882,104
	G 2021-06-0057		0	32,852
Total Foster Care Title IV-E			0	1,914,956
Adoption Assistance	G-2021-11-5932	93.659	0	419,627
Chafee Foster Care Independence Program	G-2021-11-5932	93.674	0	88,279
Elder Abuse Prevention Intervention Program	G-2021-11-5931 & G2223-11-6931	93.747	0	5,372
Children's Health Insurance Program				
COVID-19 Children's Health Insurance Program	G-2021-11-5931 & G-2223-11-6931	93.767	0	6,384
Total Children's Health Insurance Program	G-2021-11-5931 & G-2223-11-6931		0	1,919
			0	8,303
Total U.S. Department of Health and Human Services			242,931	7,500,716

GUERNSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Pass Through Entity Identifying Number	Federal AL Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency</i>				
Disaster Grants Public Assistance Grant Program	FEMA-DR-4424-OH	97.036	0	9,274
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	0	6,134
	EMC-2020-EP-00004			17,959
	EMC-2020-EP-00014			33,036
	EMC-2021-EP-00002		0	17,223
Total Emergency Management Performance Grants			0	74,352
Total U.S. Department of Homeland Security			0	83,626
Total Expenditures of Federal Awards			\$328,528	\$8,998,206

The accompanying notes are an integral part of this Schedule.

GUERNSEY COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Guernsey County (the County's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUB-RECIPIENTS

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

As a sub-recipient, the County has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized laws, regulations and the provision of contract or grant agreements and the sub-recipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

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

NOTE F – EXPENSES INCURRED IN PRIOR REPORTING PROCESS

During calendar year 2021, the Guernsey County Board of Development Disabilities received a settlement payment for the 2017 and 2018 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (AL # 93.778) in the amount of \$8,366 and \$34,125, respectively. The Cost Report Settlement payment was for a settlement of the difference between the statewide payment rate and the rate calculated based on actual expenditures for Medicaid services. This revenue is not listed on the County's Federal Schedule of Expenditures of Federal Awards since the underlying expense occurred in the prior reporting process.

OHIO AUDITOR OF STATE KEITH FABER



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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by 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 Guernsey County, Ohio (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 19, 2023, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2021-001.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 19, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Guernsey County's, Ohio (the County), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Guernsey County's major federal programs for the year ended December 31, 2021. Guernsey County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on Foster Care Title IV-E and Adoption Assistance

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Guernsey County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Foster Care Title IV-E and Adoption Assistance for the year ended December 31, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Guernsey County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2021.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Foster Care Title IV-E and Adoption Assistance

As described in finding 2021-002 in the accompanying Schedule of Findings, the County did not comply with requirements regarding activities allowed or unallowed and allowable costs/cost principles applicable to its *AL #93.658 Foster Care Title IV-E and AL #93.659 Adoption Assistance* major federal programs.

Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The County's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our audit described in the accompanying Corrective Action Plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2021-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our audit described in the accompanying Corrective Action Plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Keith Faber
Auditor of State
Columbus, Ohio

January 19, 2023

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GUERNSEY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified: Temporary Assistance for Needy Families (TANF) – AL #93.558 Medicaid Cluster – AL #93.778 Qualified: Foster Care Title IV-E – AL #93.658 Adoption Assistance – AL #93.659
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Temporary Assistance for Needy Families (TANF) – AL #93.558 • Medicaid Cluster – AL #93.778 • Foster Care Title IV-E – AL #93.658 • Adoption Assistance – AL #93.659 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

GUERNSEY COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2021

(Continued)

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

FINDING NUMBER 2021-001

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(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. In addition, the County did not include the activity of component units in its annual financial report pursuant to Governmental Accounting Standards Board Codification (GASB) Section 2100. The financial statements and note disclosures of the Guernsey County Port Authority and Guernsey County Land Reutilization Corporation were excluded as they were immaterial and prepared on a different financial reporting framework than the County.

Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

Foster Care and Adoption Assistance Random Moment Sampling

Finding Number:	2021-002
CFDA Number and Title:	AL#93.658 - Foster Care-Title IV-E AL#93.659 - Adoption Assistance
Federal Award Identification Number / Year:	G-2021-11-5932
Federal Agency:	U.S. Department of Health and Human Services
Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Pass-Through Entity:	Ohio Department of Jobs and Family Services
Repeat Finding from Prior Audit?	Yes

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2021-002 (Continued)

Noncompliance and Material Weakness

45 C.F.R. § 75.405 (a) states, in part, a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with the relative benefits received. In order for a cost to be allocable, it must benefit both the Federal award and other work of the non-Federal entity and be distributed in proportions that may be approximated using reasonable methods.

In addition, Ohio Admin. Code 5101:9-7-20(E) outlines the procedures to be utilized for random moment sampling time studies (RMS) designed to measure activity regarding various Federal programs passed through the Ohio Department of Job and Family Services including those administered through the public children services agency. These procedures include an employee completing the required comments section, within WebRMS, with comments that demonstrate that the selected program and activity codes supporting the work performed by the assigned position at the time of the observation and ensuring adequate backup documentation is available to verify the activity being performed. Ohio Admin. Code 5101:9-7-20(K) indicates that the Children Services shall retain documentation in accordance with the records retention requirements in rule 5101:9-9-21 of the Administrative Code.

We noted two instances out of 25 or eight percent of the RMS hits tested did not agree to the SACWIS documentation or there was no documentation in the SACWIS system provided to support the activities of the employee for the code charged. Failure to maintain support for these activities could cause incorrect charges to federal programs.

We recommend Guernsey County Children Services provide a review to employees of federal requirements and documentation and develop a plan to reduce discrepancies between RMS and SACWIS.

Officials' Response: See Corrective Action Plan

Guernsey County Auditor's Office

Tony Brown, Auditor

627 Wheeling Avenue, Suite 301

Cambridge, Ohio 43725

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

**GUERNSEY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	A non-compliance citation and material weakness for not filing the annual report in accordance with generally accepted auditing principles. Finding initially occurred in 2004.	Not corrected	Re-issued in current year as Finding 2021-001
2020-002	A non-compliance citation and material weakness related to RMS reporting procedures for federal programs at GCCS.	Not corrected	Re-issued in current year as Finding 2021-002

Guernsey County Auditor's Office

Tony Brown, Auditor

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Cambridge, Ohio 43725

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2021

Finding Number: 2021-001
Planned Corrective Action: County will continue to monitor the benefit compared to the cost of filing on a GAAP Basis.
Anticipated Completion Date: 12/31/2022
Responsible Contact Person: County Auditor, Tony Brown

Finding Number: 2021-002
Planned Corrective Action: Conduct an all-staff RMS training focused on completing both the RMS end and SACWIS documentation end to ensure compliance. All staff will be present in a meeting to discuss the RMS codes and what each applies to. Staff will be given examples for codes and how to properly choose. Staff will be given detailed instructions on how to accurately log the RMS in SACWIS. Staff will be given the information pertaining to the RMS function and to RMS fiscal connection. Staff will be provided an opportunity to ask questions. An RMS slideshow will be emailed to all staff for their records to refer back to.
Anticipated Completion Date: 12/15/2022
Responsible Contact Person: Business Director, Tacy Bates

OHIO AUDITOR OF STATE KEITH FABER



GUERNSEY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/14/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov