



OTTAWA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

**OTTAWA COUNTY
DECEMBER 31, 2023**

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DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1942

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Ottawa County, Ohio (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Qualified Opinion on Governmental Activities and Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash financial position of the governmental activities and aggregate remaining fund information, as of December 31, 2023, and the changes in financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Unmodified Opinions on Business-Type Activities and Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash financial position of the business-type activities and each major fund of the County, as of December 31, 2023, and the respective changes in cash financial position thereof and the respective budgetary comparisons for the General, Road and Bridge, and Board of Developmental Disabilities funds for the year then ended in accordance with the accounting basis described in Note 2.

Basis for Qualified and Unmodified 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 qualified and unmodified audit opinions.

Basis for Opinion Qualification on Governmental Activities and Aggregate Remaining Fund Information

The County has outsourced insurance-claim processing to a third-party administrator. The financial statements report insurance claims expenses in the Self Insurance Fund (an internal service fund, included in the governmental activities and in remaining fund information). This third-party administrator obtained a Type 2 SOC 1 report. The Type 2 SOC 1 report refers to a subservice organization, which provides prescription drug claims processing. The subservice organization's Type 2 SOC 1 report included a qualified opinion. We were therefore unable to obtain sufficient appropriate audit evidence about the proper processing of health insurance claims expenses. Those claims represent 12% of disbursements reported within governmental activities, and 19% of the disbursements reported within the aggregate remaining fund information. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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.

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 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, the Schedule of Expenditures of Federal Awards 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 and 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 September 20, 2024, 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

September 20, 2024

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

The management's discussion and analysis of Ottawa County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2023. The intent of the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net cash position increased \$4,795,271, which represents a 5.93% increase from the 2022 net position of \$80,797,455.
- The 2023 General fund cash receipts and other financing sources of \$28,367,282 exceeded cash disbursements and other financing uses of \$25,003,289 by \$3,363,993, which represents a 24.34% increase from the 2022 cash balance. Of the \$25,003,289 in General fund cash disbursements, \$3,903,083 represents transfers to other funds. The 2022 ending general fund cash balance was \$13,822,424, whereas the ending cash balance for 2023 was \$17,186,417.
- The County's major governmental funds include the General fund, the Road and Bridge fund and the Board of Developmental Disabilities fund. The County's major business-type funds include the Riverview Nursing Home fund, the Regional Water Operations fund and the Danbury Sewer Operations fund.

Using the Basic Financial Statements

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

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the County as a financial whole, or, as an entire operating entity.

Report Components

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all other non-major funds presented in total in a single column. For the County, the General fund is the most significant fund. The County's major governmental funds are the General, Road and Bridge, and Board of Developmental Disabilities.

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 a cash basis of accounting. The County uses the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

Reporting the County as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2023?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

These two statements report the County's net cash position and changes on a cash basis. This change in net cash position is important because it tells the reader that, for the County as a whole, the cash basis financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the County is divided into two distinct kinds of activities.

Governmental Activities - Most of the County's programs and services are reported here, which include legislative and executive and judicial general government, human services, health, public safety, and public works. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements for the goods or services provided. The Riverview Nursing Home, Regional Water Operations and the Danbury Sewer Operations funds are reported as major enterprise funds and are reported as business activities.

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 reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Road and Bridge, and Board of Developmental Disabilities funds.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

Governmental Funds

Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, the only item resulting in a difference between the amount of net cash position and fund cash balances or changes in net cash position and changes in fund cash balances is the consolidation of the County's internal service fund with governmental activities. As such, reconciliations are presented between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

Proprietary Funds

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Salem Reserve, Phase II Erie Township Water, Phase III Erie Township Sewer and Water, South Bass Island - Future Water and Sewer Extensions, the Allen & Jerusalem Unsewered, the PLAT 6 – North Starboard Bond, BRLE Program Evaluation, Moores Dock Road San OPWC Loan, and the Erie Township Sanitary Sewer OPWC Loan. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a health insurance program for employees of the County.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Custodial funds are the County's only fiduciary fund type. Only the cash held at year end for the custodial funds is reported.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the County's net cash position for 2023 and 2022.

	Net Cash Position					
	Governmental Activities 2023	Business-Type Activities 2023	Governmental Activities 2022	Business-Type Activities 2022	2023 Total	2022 Total
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 61,705,813	\$ 18,910,324	\$ 58,642,093	\$ 17,378,896	\$ 80,616,137	\$ 76,020,989
Cash in segregated accounts	210,466	10,680	262,661	11,550	221,146	274,211
Restricted equity in pooled cash and cash equivalents	49,555	4,705,888	68,590	4,433,665	4,755,443	4,502,255
Total assets	<u>61,965,834</u>	<u>23,626,892</u>	<u>58,973,344</u>	<u>21,824,111</u>	<u>85,592,726</u>	<u>80,797,455</u>
<u>Net Cash Position</u>						
Restricted	34,803,179	4,705,888	35,579,037	4,433,665	39,509,067	40,012,702
Unrestricted	27,162,655	18,921,004	23,394,307	17,390,446	46,083,659	40,784,753
Total net cash position	<u>\$ 61,965,834</u>	<u>\$ 23,626,892</u>	<u>\$ 58,973,344</u>	<u>\$ 21,824,111</u>	<u>\$ 85,592,726</u>	<u>\$ 80,797,455</u>

The total net cash position of the County increased \$4,795,271. Net cash position of governmental activities increased \$2,992,490, which represents a 5.07% increase from the 2022 balance. Net cash position of business-type activities increased \$1,802,781 or 8.26% from the 2022 balance.

A portion of the County's governmental activities net cash position, \$34,803,179, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net cash position of \$27,162,655 may be used to meet the County's ongoing obligations to citizens and creditors.

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OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The table below shows the changes in net cash position for 2023 and 2022.

	Change in Net Cash Position					
	Governmental Activities 2023	Business-Type Activities 2023	Governmental Activities 2022	Business-Type Activities 2022	2023 Total	2022 Total
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>Total</u>	<u>Total</u>
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 10,522,714	\$ 18,621,357	\$ 9,364,503	\$ 18,933,113	\$ 29,144,071	\$ 28,297,616
Operating grants and contributions	17,186,736	337,727	19,656,579	262,887	17,524,463	19,919,466
Capital grants and contributions	3,067,264	103,405	795,221	332,419	3,170,669	1,127,640
Total program receipts	<u>30,776,714</u>	<u>19,062,489</u>	<u>29,816,303</u>	<u>19,528,419</u>	<u>49,839,203</u>	<u>49,344,722</u>
General receipts:						
Property taxes	9,700,947	852,924	9,681,170	853,173	10,553,871	10,534,343
Sales taxes	11,838,010	-	11,282,728	-	11,838,010	11,282,728
Other local taxes	961,026	-	938,969	-	961,026	938,969
Unrestricted grants	2,008,412	-	1,978,615	-	2,008,412	1,978,615
Proceeds of loans	-	-	-	203,617	-	203,617
Investment receipts	4,163,000	-	1,268,839	-	4,163,000	1,268,839
Miscellaneous	3,574,502	2,894,640	2,973,877	240,571	6,469,142	3,214,448
Total general receipts	<u>32,245,897</u>	<u>3,747,564</u>	<u>28,124,198</u>	<u>1,297,361</u>	<u>35,993,461</u>	<u>29,421,559</u>
Total receipts	<u>63,022,611</u>	<u>22,810,053</u>	<u>57,940,501</u>	<u>20,825,780</u>	<u>85,832,664</u>	<u>78,766,281</u>

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OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Change in Net Cash Position - Continued

	Governmental Activities 2023	Business-Type Activities 2023	Governmental Activities 2022	Business-Type Activities 2022	2023 Total	2022 Total
Cash Disbursements:						
General government:						
Legislative and executive	7,381,011	-	6,767,630	-	7,381,011	6,767,630
Judicial	4,067,727	-	3,700,715	-	4,067,727	3,700,715
Public safety	11,500,948	-	9,825,409	-	11,500,948	9,825,409
Public works	8,899,487	-	7,897,737	-	8,899,487	7,897,737
Health	380,889	-	383,914	-	380,889	383,914
Human services	20,002,874	-	16,567,390	-	20,002,874	16,567,390
Economic development	3,126	-	1	-	3,126	1
Other	655,183	-	440,965	-	655,183	440,965
Capital outlay	6,492,115	-	2,675,429	-	6,492,115	2,675,429
Debt service:						
Principal retirement	591,411	-	637,820	-	591,411	637,820
Interest and fiscal charges	55,350	-	64,550	-	55,350	64,550
Riverview nursing home	-	9,541,718	-	8,859,110	9,541,718	8,859,110
Regional water operations	-	5,944,555	-	5,819,012	5,944,555	5,819,012
Danbury sewer operations	-	2,499,510	-	3,409,764	2,499,510	3,409,764
Nonmajor enterprise	-	3,021,489	-	3,362,746	3,021,489	3,362,746
Total cash disbursements	<u>60,030,121</u>	<u>21,007,272</u>	<u>48,961,560</u>	<u>21,450,632</u>	<u>81,037,393</u>	<u>70,412,192</u>
Advances	-	-	6,875	(6,875)	-	-
Change in net cash position	2,992,490	1,802,781	8,985,816	(631,727)	4,795,271	8,354,089
Net cash position at beginning of year	<u>58,973,344</u>	<u>21,824,111</u>	<u>49,987,528</u>	<u>22,455,838</u>	<u>80,797,455</u>	<u>72,443,366</u>
Net cash position at end of year	<u><u>\$ 61,965,834</u></u>	<u><u>\$ 23,626,892</u></u>	<u><u>\$ 58,973,344</u></u>	<u><u>\$ 21,824,111</u></u>	<u><u>\$ 85,592,726</u></u>	<u><u>\$ 80,797,455</u></u>

Governmental Activities

Governmental net cash position increased by \$2,992,490 in 2023 from the 2022 balance.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2023, general government cash disbursements totaled \$11,448,738 or 19.07%, of total governmental activities cash disbursements. General government programs were supported by \$4,497,044 in direct charges to users and \$430,156 in operating grants and contributions.

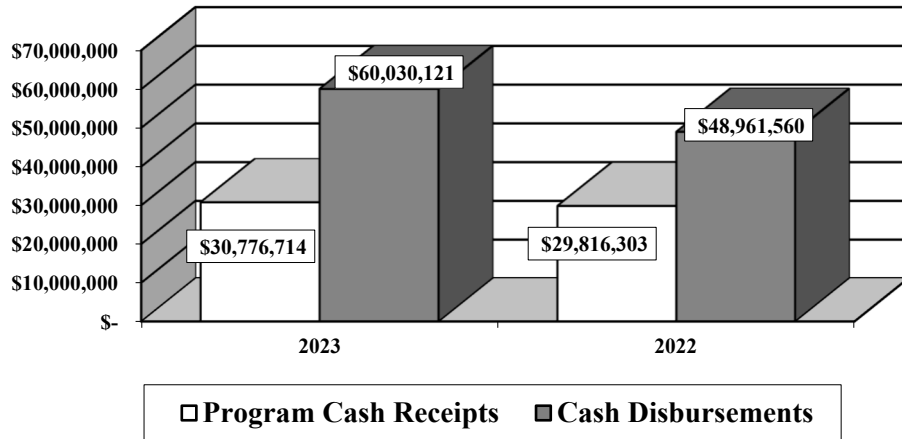
The County's human services programs accounted for \$20,002,874, or 33.32%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$1,297,876 in direct charges to users and \$9,550,549 in operating grants and contributions.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The Statement of Activities - Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The table below shows the changes in net cost of services for 2023 and 2022.

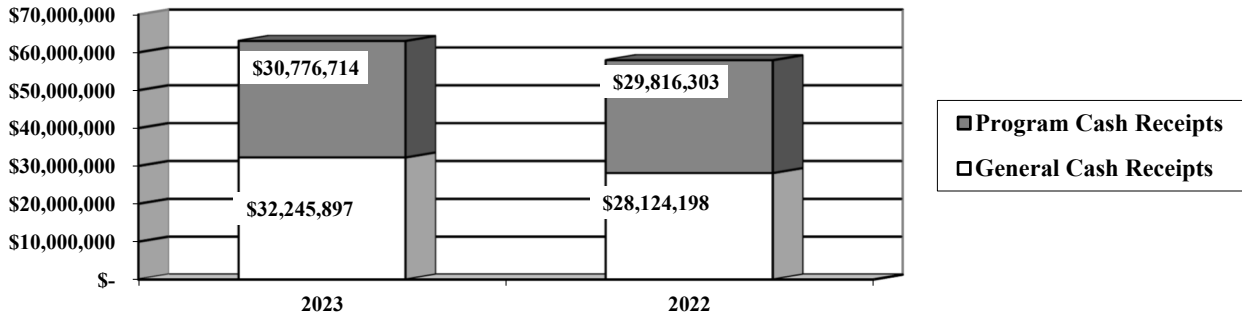
	Governmental Activities			
	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Cash disbursements:				
General government:				
Legislative and executive	\$ 7,381,011	\$ 4,415,777	\$ 6,767,630	\$ 4,067,150
Judicial	4,067,727	2,105,761	3,700,715	1,967,370
Public safety	11,500,948	8,002,315	9,825,409	6,493,041
Public works	8,899,487	1,300,749	7,897,737	987,678
Health	380,889	96,536	383,914	145,471
Human services	20,002,874	9,154,449	16,567,390	6,711,180
Economic development	3,126	1,540	1	(1,539)
Other	655,183	541,220	440,965	344,886
Capital outlay	6,492,115	2,988,299	2,675,429	(2,272,257)
Debt service:				
Principal retirement	591,411	591,411	637,820	637,820
Interest and fiscal charges	55,350	55,350	64,550	64,457
Total	<u><u>\$ 60,030,121</u></u>	<u><u>\$ 29,253,407</u></u>	<u><u>\$ 48,961,560</u></u>	<u><u>\$ 19,145,257</u></u>

The dependence upon general cash receipts for governmental activities is apparent, with 48.73% of cash disbursements supported through taxes and other general cash receipts during 2023.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Salem Reserve, Phase II Erie Township Water, Phase III Erie Township Sewer and Water, South Bass Island - Future Water and Sewer Extensions, the Allen & Jerusalem Unsewered, the PLAT 6 – North Starboard Bond, BRLE Program Evaluation, Moores Dock Road San OPWC Loan, and the Erie Township Sanitary Sewer OPWC Loan funds are the County’s enterprise funds.

These programs had cash receipts (both operating and non-operating) of \$22,810,053, cash disbursements (both operating and non-operating) of \$21,007,272, transfers in of \$261,621 and transfers out of \$261,621 for 2023. The net cash position of the programs increased \$1,802,781 from the 2022 net position. The change in net position was not significant.

Financial Analysis of the Government’s Funds

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

Governmental Funds

The County’s governmental funds are accounted for using the cash basis of accounting.

The County’s governmental funds reported a combined fund cash balance of \$57,600,764, which is \$2,953,941 above last year’s balance of \$54,646,823.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2023 and December 31, 2022 for all major and nonmajor governmental funds.

	Fund Cash Balance December 31, 2023	Fund Cash Balance December 31, 2022	Increase (Decrease)
Major Funds:			
General	\$ 17,186,417	\$ 13,822,424	\$ 3,363,993
Road and Bridge	6,652,859	7,299,226	(646,367)
Board of Developmental Disabilities	8,055,843	7,616,125	439,718
Other Nonmajor Governmental Funds	25,705,645	25,909,048	(203,403)
Total	\$ 57,600,764	\$ 54,646,823	\$ 2,953,941

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

General Fund

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$28,367,282 in 2023. The cash disbursements and other financing uses of the General fund totaled \$25,003,289 in 2023. Of the \$25,003,289 in General fund cash disbursements, \$3,903,083 represents transfers to other funds. The General fund's cash balance increased \$3,363,993 from the 2022 balance.

The table that follows assists in illustrating the cash receipts of the General fund.

	2023 Amount	2022 Amount	Percentage Change
<u>Cash Receipts:</u>			
Taxes	\$ 16,158,027	\$ 15,580,139	3.71 %
Charges for services	3,303,319	3,405,579	(3.00) %
Licenses and permits	362,031	347,970	4.04 %
Fines and forfeitures	673,868	602,170	11.91 %
Intergovernmental	2,008,412	1,978,615	1.51 %
Investment income	4,163,000	1,268,839	228.10 %
Rental income	31,975	27,396	16.71 %
Reimbursements	427,480	567,811	(24.71) %
Other	536,025	482,016	11.20 %
Total	<u>\$ 27,664,137</u>	<u>\$ 24,260,535</u>	14.03 %

Rental income increased during 2023 due to an increase in the collection of rent from the Ottawa County General Health District. Investment income increased due to an increase in the amount earned on investments. Other receipts increased during 2023 due to an increase in indirect cost recoveries. All other receipts remained comparable to the prior year.

The table that follows assists in illustrating the cash disbursements of the General fund.

	2023 Amount	2022 Amount	Percentage Change
<u>Cash Disbursements</u>			
General government:			
Legislative and executive	\$ 5,826,402	\$ 5,039,176	15.62 %
Judicial	3,308,503	3,232,732	2.34 %
Public safety	8,621,621	7,931,720	8.70 %
Public works	572,803	553,126	3.56 %
Health	7,397	74,871	(90.12) %
Human services	988,557	895,601	10.38 %
Other	655,181	431,870	51.71 %
Total	<u>\$ 19,980,464</u>	<u>\$ 18,159,096</u>	10.03 %

General government disbursements in total did not have a significant change from the prior year. Health disbursements decreased due to higher previous year vital stats and crippled children aid disbursements. Other disbursements increased due to the accounting for cash in segregated accounts. All other disbursements remained comparable to the prior year.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (UNAUDITED)

Road and Bridge Fund

The Road and Bridge fund, a major fund, had cash receipts and other financing sources of \$8,248,366 in 2023. The Road and Bridge fund had cash disbursements and other financing uses of \$8,894,733 in 2023. The Road and Bridge fund cash balance decreased \$646,367 from 2022 to 2023. This decrease was due to an increase in disbursements related to public works.

Board of Developmental Disabilities Fund

The Board of Developmental Disabilities fund, a major fund, had cash receipts of \$6,337,581 in 2023. The fund had cash disbursements of \$5,897,863 in 2023. The fund cash balance increased \$439,718 from 2022 to 2023. This increase was due to an increase in intergovernmental revenues.

Budgeting Highlights - General Fund

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

During each year the General fund budget is revised as needs arise. Records of the revisions are found in the Commissioners' Journals.

Original estimated receipts and other financing sources of \$22,053,636 remained the same in the final budget. Actual revenues and other financing sources of \$28,191,215 were \$6,137,579 higher than final budgeted estimates. The budgetary receipt variances can be attributed to an increase in actual property taxes, sales taxes, charges for services, and investment income receipts. Original appropriations and other financing uses of \$21,680,815 were increased to \$25,252,741 in the final budget. Actual disbursements and other financing uses of \$25,480,197 were \$227,456 more than the final budget. The County variances can be attributed to not having to budget for advances.

Capital Assets and Debt Administration

Capital Assets

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$6,492,115 for governmental activities and \$496,198 for business-type activities during 2023.

Debt Administration

At December 31, 2023, the County had \$1,425,000 in general obligation bonds, and \$254,996 in loans payable outstanding related to governmental activities. For business-type activities, there was \$13,080,000 in general obligation bonds, \$60,000 in special assessment bonds, \$5,726,640 in OWDA loans, \$1,254,339 in OPWC loans and \$1,062,059 in Ohio Water & Sewer Loans outstanding at year end.

For further information, regarding the County's debt, refer to Notes 8 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The County's current population as of the 2020 census is 40,364.

The County's unemployment rate as of December 31, 2023 is 4.2%, compared to the 3.6% State average and the 3.7% national average.

These economic factors were considered in preparing the County's budgets for 2024. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

OTTAWA COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

The County's investment portfolio in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jennifer Widmer, Ottawa County Auditor, 315 Madison Street, Suite 202, Port Clinton, Ohio 43452.

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OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash, cash equivalents, and investments	\$ 61,705,813	\$ 18,910,324	\$ 80,616,137
Cash in segregated accounts	210,466	10,680	221,146
Restricted assets:			
Equity in pooled cash, cash equivalents, and investments	49,555	4,705,888	4,755,443
Total assets	<u>61,965,834</u>	<u>23,626,892</u>	<u>85,592,726</u>
Net position:			
Restricted for:			
Capital projects	318,462	-	318,462
Debt service	401,606	-	401,606
Public safety programs	2,739,617	-	2,739,617
Public works projects	7,683,671	-	7,683,671
Health services	150,932	-	150,932
Human services programs	19,911,470	-	19,911,470
Economic development	1,348	-	1,348
Repairs and replacements	-	4,551,530	4,551,530
Revenue bond future debt service	-	154,358	154,358
Other purposes	3,596,073	-	3,596,073
Unrestricted	<u>27,162,655</u>	<u>18,921,004</u>	<u>46,083,659</u>
Total net position	<u>\$ 61,965,834</u>	<u>\$ 23,626,892</u>	<u>\$ 85,592,726</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 7,381,011	\$ 2,955,234	\$ 10,000	\$ -
Judicial	4,067,727	1,541,810	420,156	-
Public safety	11,500,948	2,185,642	1,312,991	-
Public works	8,899,487	1,834,462	5,764,276	-
Health	380,889	205,589	78,764	-
Human services	20,002,874	1,297,876	9,550,549	-
Economic development and assistance	3,126	1,586	-	-
Other	655,183	113,963	-	-
Capital outlay	6,492,115	386,552	50,000	3,067,264
Debt service:				
Principal retirement	591,411	-	-	-
Interest and fiscal charges	55,350	-	-	-
Total governmental activities	<u>60,030,121</u>	<u>10,522,714</u>	<u>17,186,736</u>	<u>3,067,264</u>
Business-type activities:				
Riverview nursing home	9,541,718	6,919,973	332,727	90,352
Regional water operations	5,944,555	6,034,550	5,000	-
Danbury sewer operations	2,499,510	2,660,125	-	-
Nonmajor enterprise funds	3,021,489	3,006,709	-	13,053
Total business-type activities	<u>21,007,272</u>	<u>18,621,357</u>	<u>337,727</u>	<u>103,405</u>
Total primary government	<u>\$ 81,037,393</u>	<u>\$ 29,144,071</u>	<u>\$ 17,524,463</u>	<u>\$ 3,170,669</u>

General cash receipts, advances and transfers:

Property taxes levied for:

- General purposes
- Developmental disabilities human services
- Senior program human services
- Riverview nursing home
- Sales taxes
- Other local taxes
- Grants and entitlements not restricted to specific programs
- Investment receipts
- Miscellaneous

Total general cash receipts

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (4,415,777)	\$ -	\$ (4,415,777)
(2,105,761)	-	(2,105,761)
(8,002,315)	-	(8,002,315)
(1,300,749)	-	(1,300,749)
(96,536)	-	(96,536)
(9,154,449)	-	(9,154,449)
(1,540)	-	(1,540)
(541,220)	-	(541,220)
(2,988,299)	-	(2,988,299)
(591,411)	-	(591,411)
(55,350)	-	(55,350)
<u>(29,253,407)</u>	<u>-</u>	<u>(29,253,407)</u>
-	(2,198,666)	(2,198,666)
-	94,995	94,995
-	160,615	160,615
-	(1,727)	(1,727)
-	<u>(1,944,783)</u>	<u>(1,944,783)</u>
<u>(29,253,407)</u>	<u>(1,944,783)</u>	<u>(31,198,190)</u>
4,320,017	-	4,320,017
4,557,849	-	4,557,849
823,081	-	823,081
-	852,924	852,924
11,838,010	-	11,838,010
961,026	-	961,026
2,008,412	-	2,008,412
4,163,000	-	4,163,000
<u>3,574,502</u>	<u>2,894,640</u>	<u>6,469,142</u>
32,245,897	3,747,564	35,993,461
2,992,490	1,802,781	4,795,271
<u>58,973,344</u>	<u>21,824,111</u>	<u>80,797,455</u>
<u>\$ 61,965,834</u>	<u>\$ 23,626,892</u>	<u>\$ 85,592,726</u>

OTTAWA COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General</u>	<u>Road and Bridge</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 16,954,008	\$ 6,652,859	\$ 8,055,843	\$ 25,678,033	\$ 57,340,743
Cash in segregated accounts	182,854	-	-	27,612	210,466
Restricted assets:					
Equity in pooled cash and cash	49,555	-	-	-	49,555
Total assets	<u>\$ 17,186,417</u>	<u>\$ 6,652,859</u>	<u>\$ 8,055,843</u>	<u>\$ 25,705,645</u>	<u>\$ 57,600,764</u>
Fund cash balances:					
Nonspendable	\$ 49,555	\$ -	\$ -	\$ -	\$ 49,555
Restricted	-	6,652,859	8,055,843	20,094,477	34,803,179
Committed	1,108,223	-	-	5,611,168	6,719,391
Assigned	991,871	-	-	-	991,871
Unassigned	15,036,768	-	-	-	15,036,768
Total fund cash balances	<u>\$ 17,186,417</u>	<u>\$ 6,652,859</u>	<u>\$ 8,055,843</u>	<u>\$ 25,705,645</u>	<u>\$ 57,600,764</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - CASH BASIS
DECEMBER 31, 2023

Total governmental fund balances \$ 57,600,764

*Amounts reported for governmental activities on the statement
of net position - cash basis are different because:*

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

4,365,070

Net position of governmental activities \$ 61,965,834

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Road and Bridge	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Cash receipts:					
Property taxes	\$ 4,320,017	\$ -	\$ 4,557,849	\$ 823,081	\$ 9,700,947
Sales taxes	11,838,010	-	-	-	11,838,010
Other local taxes	-	953,226	-	7,800	961,026
Charges for services	3,303,319	1,489,480	80,233	3,217,816	8,090,848
Licenses and permits	362,031	34,500	-	224,132	620,663
Fines and forfeitures	673,868	27,364	-	114,077	815,309
Intergovernmental	2,008,412	5,242,744	1,676,320	13,334,936	22,262,412
Special assessments	-	-	-	175,210	175,210
Investment income	4,163,000	-	-	-	4,163,000
Rental income	31,975	-	-	76,753	108,728
Reimbursements	427,480	-	-	284,476	711,956
Davis Besse Lease Agreement	-	-	-	220,483	220,483
First Energy Public Radio Agreement	-	-	-	102,078	102,078
Other	536,025	6,582	23,179	2,657,080	3,222,866
Total cash receipts	<u>27,664,137</u>	<u>7,753,896</u>	<u>6,337,581</u>	<u>21,237,922</u>	<u>62,993,536</u>
Cash disbursements:					
Current:					
General government:					
Legislative and executive	5,826,402	-	-	1,560,349	7,386,751
Judicial	3,308,503	-	-	763,948	4,072,451
Public safety	8,621,621	-	-	2,890,301	11,511,922
Public works	572,803	7,161,768	-	1,168,776	8,903,347
Health	7,397	-	-	373,874	381,271
Human services	988,557	-	5,897,863	13,129,323	20,015,743
Economic development and assistance	-	-	-	3,126	3,126
Other	655,181	-	-	2	655,183
Capital outlay	-	-	-	6,492,115	6,492,115
Debt service:					
Principal retirement	-	261,411	-	330,000	591,411
Interest and fiscal charges	-	-	-	55,350	55,350
Total cash disbursements	<u>19,980,464</u>	<u>7,423,179</u>	<u>5,897,863</u>	<u>26,767,164</u>	<u>60,068,670</u>
Excess of cash receipts over (under) cash disbursements	<u>7,683,673</u>	<u>330,717</u>	<u>439,718</u>	<u>(5,529,242)</u>	<u>2,924,866</u>
Other financing sources (uses):					
Sale of capital assets	16,690	12,385	-	-	29,075
Advances in	686,455	158,965	-	2,803,769	3,649,189
Advances out	(1,119,742)	(1,471,554)	-	(1,057,893)	(3,649,189)
Transfers in	-	323,120	-	3,579,963	3,903,083
Transfers out	(3,903,083)	-	-	-	(3,903,083)
Total other financing sources (uses)	<u>(4,319,680)</u>	<u>(977,084)</u>	<u>-</u>	<u>5,325,839</u>	<u>29,075</u>
Net change in fund balance - cash basis	3,363,993	(646,367)	439,718	(203,403)	2,953,941
Fund balance - cash basis, January 1	<u>13,822,424</u>	<u>7,299,226</u>	<u>7,616,125</u>	<u>25,909,048</u>	<u>54,646,823</u>
Fund balance - cash basis, December 31	<u>\$ 17,186,417</u>	<u>\$ 6,652,859</u>	<u>\$ 8,055,843</u>	<u>\$ 25,705,645</u>	<u>\$ 57,600,764</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balance - cash basis - total governmental funds \$ 2,953,941

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

The internal service fund used by management to charge the costs
of insurance to individual funds is not reported in the government-wide
statement of activities - cash basis. Governmental fund disbursements
and the related internal service fund receipts are eliminated. The total
change in net position of the internal service fund is allocated among
the governmental activities.

38,549

Change in net position of governmental activities

\$ 2,992,490

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary basis receipts:				
Property taxes	\$ 4,140,000	\$ 4,140,000	\$ 4,320,017	\$ 180,017
Sales taxes	9,375,000	9,375,000	11,838,010	2,463,010
Charges for services	2,549,850	2,549,850	2,771,747	221,897
Licenses and permits	313,350	313,350	362,031	48,681
Fines and forfeitures	706,729	706,729	673,868	(32,861)
Intergovernmental	1,868,634	1,868,634	2,008,412	139,778
Investment income	2,000,000	2,000,000	4,163,000	2,163,000
Rental income	30,000	30,000	31,975	1,975
Reimbursements	420,462	420,462	427,480	7,018
Other	341,193	341,193	520,772	179,579
Total budgetary basis receipts	<u>21,745,218</u>	<u>21,745,218</u>	<u>27,117,312</u>	<u>5,372,094</u>
Budgetary basis disbursements:				
General Government				
Legislative and executive	5,482,042	6,373,592	6,143,162	230,430
Judicial	2,957,035	3,378,426	3,313,646	64,780
Public safety	7,763,219	9,099,503	8,699,442	400,061
Public works	529,285	652,841	593,115	59,726
Health	67,382	88,092	75,508	12,584
Human services	847,743	1,139,593	949,978	189,615
Other	421,289	472,095	472,095	-
Total budgetary basis disbursements	<u>18,067,995</u>	<u>21,204,142</u>	<u>20,246,946</u>	<u>957,196</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>3,677,223</u>	<u>541,076</u>	<u>6,870,366</u>	<u>6,329,290</u>
Other financing sources (uses):				
Transfers in	306,918	306,918	370,758	63,840
Transfers out	(3,612,820)	(4,048,599)	(4,048,517)	82
Advances in	-	-	686,455	686,455
Advances out	-	-	(1,184,734)	(1,184,734)
Sale of capital assets	1,500	1,500	16,690	15,190
Total other financing sources (uses)	<u>(3,304,402)</u>	<u>(3,740,181)</u>	<u>(4,159,348)</u>	<u>(419,167)</u>
Net change in fund balance - budgetary basis	372,821	(3,199,105)	2,711,018	5,910,123
Fund balance, January 1	11,117,386	11,117,386	11,117,386	-
Prior year encumbrances appropriated	<u>924,791</u>	<u>924,791</u>	<u>924,791</u>	<u>-</u>
Fund balance, December 31	<u>\$ 12,414,998</u>	<u>\$ 8,843,072</u>	<u>\$ 14,753,195</u>	<u>\$ 5,910,123</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Other local taxes	\$ 850,000	\$ 850,000	\$ 953,226	\$ 103,226
Charges for services	1,024,954	1,024,954	1,489,480	464,526
Licenses and permits	12,750	12,750	34,500	21,750
Fines and forfeitures	20,000	20,000	27,364	7,364
Intergovernmental	4,703,000	4,703,000	5,242,744	539,744
Other	5,000	5,000	6,582	1,582
Total budgetary basis receipts	<u>6,615,704</u>	<u>6,615,704</u>	<u>7,753,896</u>	<u>1,138,192</u>
Budgetary basis disbursements:				
Current:				
Public works	10,626,012	10,626,012	7,832,282	2,793,730
Debt Service:				
Principal retirement	261,412	261,412	261,412	-
Total budgetary basis disbursements	<u>10,887,424</u>	<u>10,887,424</u>	<u>8,093,694</u>	<u>2,793,730</u>
Excess of budgetary basis disbursements over budgetary basis receipts	<u>(4,271,720)</u>	<u>(4,271,720)</u>	<u>(339,798)</u>	<u>3,931,922</u>
Other financing sources (uses):				
Sale of capital assets	48,500	48,500	12,385	(36,115)
Transfers in	40,000	40,000	323,120	283,120
Advances in	-	-	158,965	158,965
Advances out	(48,500)	-	(1,471,554)	(1,471,554)
Total other financing sources (uses)	<u>40,000</u>	<u>88,500</u>	<u>(977,084)</u>	<u>(1,065,584)</u>
Net change in fund balance - budgetary basis	(4,231,720)	(4,183,220)	(1,316,882)	2,866,338
Fund balance, January 1	6,677,160	6,677,160	6,677,160	-
Prior year encumbrances appropriated	<u>622,066</u>	<u>622,066</u>	<u>622,066</u>	<u>-</u>
Fund balance, December 31	<u>\$ 3,067,506</u>	<u>\$ 3,116,006</u>	<u>\$ 5,982,344</u>	<u>\$ 2,866,338</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 BOARD OF DEVELOPMENTAL DISABILITIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Property taxes	\$ 5,440,000	\$ 4,545,000	\$ 4,557,849	\$ 12,849
Charges for services	85,000	85,000	80,233	(4,767)
Intergovernmental	550,500	550,500	1,676,320	1,125,820
Other	12,600	12,600	23,179	10,579
Total budgetary basis receipts	<u>6,088,100</u>	<u>5,193,100</u>	<u>6,337,581</u>	<u>1,144,481</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>9,294,286</u>	<u>7,090,536</u>	<u>6,244,774</u>	<u>845,762</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements	<u>(3,206,186)</u>	<u>(1,897,436)</u>	<u>92,807</u>	<u>1,990,243</u>
Other financing sources (uses):				
Transfers in	2,300,000	400,000	-	(400,000)
Transfers out	-	(303,750)	-	303,750
Total other financing sources (uses)	<u>2,300,000</u>	<u>96,250</u>	<u>-</u>	<u>(96,250)</u>
Net change in fund balance - budgetary basis	(906,186)	(1,801,186)	92,807	1,893,993
Fund balance, January 1	7,372,289	7,372,289	7,372,289	-
Prior year encumbrances appropriated	<u>243,836</u>	<u>243,836</u>	<u>243,836</u>	<u>-</u>
Fund balance, December 31	<u>\$ 6,709,939</u>	<u>\$ 5,814,939</u>	<u>\$ 7,708,932</u>	<u>\$ 1,893,993</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Riverview Nursing Home	Regional Water Operations	Danbury Sewer Operations	Nonmajor Enterprise Funds		
Assets:						
Equity in pooled cash and cash equivalents	\$ 820,848	\$ 11,664,366	\$ 3,793,904	\$ 2,631,206	\$ 18,910,324	\$ 4,365,070
Cash in segregated accounts	301	-	-	10,379	10,680	-
Restricted assets:						
Equity in pooled cash and cash equivalents	-	-	3,327,263	1,378,625	4,705,888	-
Total assets	<u>821,149</u>	<u>11,664,366</u>	<u>7,121,167</u>	<u>4,020,210</u>	<u>23,626,892</u>	<u>4,365,070</u>
Net position:						
Restricted for:						
Repairs and replacements	-	-	3,327,263	1,224,267	4,551,530	-
Revenue bond future debt service	-	-	-	154,358	154,358	-
Unrestricted	<u>821,149</u>	<u>11,664,366</u>	<u>3,793,904</u>	<u>2,641,585</u>	<u>18,921,004</u>	<u>4,365,070</u>
Total net position	<u>\$ 821,149</u>	<u>\$ 11,664,366</u>	<u>\$ 7,121,167</u>	<u>\$ 4,020,210</u>	<u>\$ 23,626,892</u>	<u>\$ 4,365,070</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Riverview Nursing Home	Regional Water Operations	Danbury Sewer Operations	Nonmajor Enterprise Funds		
Operating receipts:						
Charges for services	\$ 6,919,973	\$ 6,021,505	\$ 2,660,125	\$ 2,814,873	\$ 18,416,476	\$ 7,194,857
Other	1,514,048	1,258,505	34,689	87,398	2,894,640	18,488
Total operating receipts	8,434,021	7,280,010	2,694,814	2,902,271	21,311,116	7,213,345
Operating disbursements:						
Personal services	5,216,060	2,085,654	1,150,558	1,031,829	9,484,101	-
Contract services	2,727,651	933,935	518,116	562,996	4,742,698	915,024
Materials and supplies	688,119	734,181	225,592	224,649	1,872,541	-
Capital outlay	301,758	38,044	45,977	110,419	496,198	-
Claims	-	-	-	-	-	6,259,772
Other	50,624	196,505	80,305	387,048	714,482	-
Total operating disbursements	8,984,212	3,988,319	2,020,548	2,316,941	17,310,020	7,174,796
Operating income (loss)	(550,191)	3,291,691	674,266	585,330	4,001,096	38,549
Nonoperating receipts (disbursements):						
Debt service:						
Principal retirement	(225,000)	(1,777,554)	(440,937)	(576,355)	(3,019,846)	-
Interest and fiscal charges	(332,506)	(178,682)	(38,025)	(128,193)	(677,406)	-
Intergovernmental receipts	423,079	5,000	-	13,053	441,132	-
Property tax receipts	852,924	-	-	-	852,924	-
Special assessment receipts	-	13,045	-	191,836	204,881	-
Total nonoperating receipts (disbursements)	718,497	(1,938,191)	(478,962)	(499,659)	(2,198,315)	-
Income before transfers	168,306	1,353,500	195,304	85,671	1,802,781	38,549
Transfers in	-	-	132,224	129,397	261,621	-
Transfers out	-	(231,307)	-	(30,314)	(261,621)	-
Change in net position	168,306	1,122,193	327,528	184,754	1,802,781	38,549
Net position at beginning of year	652,843	10,542,173	6,793,639	3,835,456	21,824,111	4,326,521
Net position at end of year	\$ 821,149	\$ 11,664,366	\$ 7,121,167	\$ 4,020,210	\$ 23,626,892	\$ 4,365,070

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF FIUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUNDS
DECEMBER 31, 2023

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 10,943,035
Cash in segregated accounts	<u>1,150,417</u>
Total assets	<u>12,093,452</u>
Net position:	
Restricted for individuals, organizations and other governments. .	<u>\$ 12,093,452</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Custodial
Additions:	
Intergovernmental	\$ 6,335,685
Amounts received as fiscal agent	4,145,661
Amounts held for employees	88,686
Licenses, permits and fees for other governments	315,945
Property tax collection for other governments	87,893,917
Sheriff collections for others	560,450
Earnings on investments	612
Amounts received through court fines, forfeitures, and fees	8,319,535
Other custodial fund collections	187,424
Total additions	107,847,915
Deductions:	
Distributions of state funds to other governments	4,320,888
Distributions as fiscal agent	3,654,819
Distributions on behalf of employees	88,538
Licenses, permits and fees distributions to other governments	272,004
Property tax distributions to other governments	88,937,940
Sheriff distributions to others	877,313
Distribution of court fines, forfeitures, and fees to others	8,305,015
Other custodial fund disbursements	106,291
Total deductions	106,562,808
Net change in fiduciary net position	1,285,107
Net position beginning of year	10,808,345
Net position end of year	\$ 12,093,452

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - DESCRIPTION OF THE COUNTY

Ottawa County, Ohio (the County), was created in 1840. 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 that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Municipal Court Judge, and a Probate/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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County are presented on a cash basis of accounting, as discussed further in section D. Basis of Accounting in this note disclosure. 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.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government includes all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability was evaluated based on financial accountability, and the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as follows:

POTENTIAL COMPONENT UNIT NOT REPORTED

Riverview Industries, Inc. - Riverview Industries is a legally separate, not-for-profit corporation served by a self-appointing board of trustees. Riverview Industries, under a contractual agreement with the Ottawa County Department of Development Disabilities (DD), Ottawa, Erie, Sandusky, Wood, and Lucas Counties, provides adult day services, vocational habilitation, employment, and supportive living for adults with intellectual/developmental disabilities in Ottawa and surrounding counties. It has been determined that excluding Riverview Industries as a component unit would not have a significant impact on the County's financials. Riverview Industries operates on a fiscal year ending December 31. Financial information for Riverview Industries can be obtained from Mark Yost, 8380 West State Route 163, Oak Harbor, Ohio 43449.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the following entities are presented as custodial funds within the financial statements:

Ottawa County Soil and Water Conservation District
Ottawa County District Board of Health
Ottawa County Family and Children First Council
Park District of Ottawa County

The County participates in several joint ventures, two jointly governed organizations, and an insurance pool as follows:

JOINT VENTURES

Joint Solid Waste District

The Joint Solid Waste District (the District) is a joint venture between Ottawa, Sandusky, and Seneca Counties. The joint venture was formed to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and waste disposal.

The District is governed and operated by the three counties. Each of the counties has contractual obligations with the District and shares in the equity of the District based on the percentages of population within the three counties. In the event of dissolution of the District, all members will share in net obligations or asset liquidations in a ratio proportionate to their percentages of population within the member counties at the time of dissolution. The District does not have any outstanding debt.

The District consists of a nine-member board of directors, comprised of the three commissioners from each county, who are responsible for the District's financial matters. Each county's degree of control over the District is limited to its representation on the board of directors. The District operates autonomously from the County, the County has no financial responsibility from the operations of the District, and the County does not subsidize the District in any way. The District has not accumulated significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A twenty-one member policy committee, consisting of seven members from each county and one at large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2023, the County's equity interest in the Joint Solid Waste District was \$1,065,340. Financial information can be obtained from Jerri Miller, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio, 43420.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

Mental Health and Recovery Services Board

Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties (MHRSB) is a joint district board between Seneca, Ottawa, Sandusky, and Wyandot Counties. The joint district was created to serve as the community addiction and mental health planning agency and to establish a community-based continuum of care that includes prevention, treatment, and recovery support services. A eighteen-member Board is the governing body. Ten members of the Board are appointed by the Board of County Commissioners from the respective counties of which members are residents, and eight members are appointed by the State of Ohio, Department of Mental Health and Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts. During 2023, the County did not make any contributions to MHRSB. Additional financial pertaining to the MHRB of Seneca, Ottawa, Sandusky and Wyandot Counties can be obtained from Mircea Handru, Executive Director, 1200 North State Route 53, Tiffin, Ohio, 44883.

Erie-Ottawa International Airport Authority

Erie-Ottawa International Airport Authority (the Airport Authority) is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a nine-member board of trustees. Four members are appointed by the County Commissioners in each county. The ninth member is appointed at large by the other eight. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2023, the County provided \$60,000 for airport operations. Financial information for the Airport Authority can be obtained from Beverly Shenkel, Office Manager, 3255 East State Road, Port Clinton, Ohio, 43452.

JOINTLY GOVERNED ORGANIZATIONS

Ottawa County Regional Planning Commission

The County participates in Ottawa County Regional Planning Commission (the Commission), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, six villages, and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Commission. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. In 2023, the County contributed \$106,006 to the Regional Planning Commission.

Clearwater Council of Governments

The Clearwater Council of Governments (Clearwater) is a regional council of governments comprised of the Boards of Developmental Disabilities (DD) of Crawford, Erie, Huron, Lucas, Marion, Morrow, Ottawa, Richland, and Seneca Counties. The Board of Directors is made up of the superintendents from each of these DD Boards. Clearwater is the administrator of various grant monies for each these Boards of DD. The degree of control exercised by any participating government is limited to its representation of the Board. Financial information can be obtained from the Clearwater Council of Governments, 235 North Toussaint South Road, Oak Harbor, Ohio, 43449. In 2023, the Ottawa County Board of Developmental Disabilities paid \$302,791 to Clearwater for services provided.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

INSURANCE POOL

County Risk Sharing Authority, Inc. (CORSA)

County Risk Sharing Authority, Inc. is a jointly governed organization among 72 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance and employee dishonesty/faithful performance crime coverage.

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

The County's payment to CORSA for insurance in 2023 was \$357,698, which included a credit given to the County for its proportional share of a distribution from member equity. CORSA's net position as of fiscal year ended April 30, 2023 was \$68,427,479. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

Fund Financial Statements - Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

The financial statements for governmental funds are a statement of assets and fund balances - cash basis, and a statement of receipts, disbursements and changes in fund balances - cash basis which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

The financial statements for proprietary funds are a statement of net position - cash basis, and a statement of receipts, disbursements and changes in net position - cash basis which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net position.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating receipts of the County's proprietary funds are charges for services. Operating disbursements for the proprietary funds include personnel and other disbursements related to the operations of the proprietary fund's activity. All receipts and disbursements not meeting these definitions are reported as nonoperating receipts and disbursements.

The financial statements for the custodial funds are a statement of fiduciary net position-cash basis, and a statement of changes in fiduciary net position-cash basis.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the County's major governmental funds:

General Fund - The general fund is used to account for all activities of the County not required to be included in another fund. The general fund cash balance is available to the County for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Road and Bridge Fund - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Board of Developmental Disabilities Fund - This fund accounts for a county-wide tax levy and federal and state grants that are used for developing and implementing programs for developmentally disabled citizens.

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and, (c) for grants and other resources, the use of which is restricted or committed to a particular purpose.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County has presented the following major enterprise funds:

Riverview Nursing Home Fund - This fund accounts for the daily operations of the County nursing home. Receipts are generated from resident fees and charges for services and are used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

Regional Water Operations Fund - This fund accounts for water services provided to individuals and commercial users in Bay, Catawba, Danbury, Erie, Harris, Portage, and Salem Townships, the City of Port Clinton, and the Village of Oak Harbor.

Danbury Sewer Operations Fund - This fund accounts for sanitary sewer services provided to individuals and commercial users in Danbury Township and the Village of Marblehead.

Internal Service Fund - 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 fund accounts for monies received for the activities of the self insurance program for employee health benefits.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on cash basis assets, net cash position, and changes in net cash 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 arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's only fiduciary funds are custodial funds that account for assets held by the County for political subdivisions for which the County acts as fiscal agent, amounts held for employees, Sheriff collections for others, and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The County's basic financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the basic financial statements when cash is received, rather than when earned. Disbursements are recorded in the County's financial records and reported in the basic financial statements when cash is paid, rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as receivables and revenues for goods and services provided and billed but not yet collected) and certain liabilities and their related expenses/expenditures (such as payables and expenses/expenditures for goods and services received but not yet paid, and accrued liabilities and expenses/expenditures) are not reported in these basic financial statements.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

E. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. 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 disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object levels 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.

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 appropriations 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, and also include amounts automatically carried forward from prior years.

F. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

The County has segregated bank accounts for monies held separately from the County's central bank account. These interest-bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

During 2023, investments were limited to federal agency securities, negotiable certificates of deposit, US Treasury Notes and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments are reported at cost.

During 2023, 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 its 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.

OTTAWA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest receipts credited to the general fund during 2023 amounted to \$4,163,000, which includes \$3,479,057 assigned from other County funds.

For presentation on the basic financial statements, investments of the cash management pool of the County are considered to be cash equivalents.

G. Inventories of Materials and Supplies

On the cash basis of accounting, inventories of materials and supplies are recorded as disbursements when purchased. These items are not reported as assets in the basic financial statements.

H. Capital Assets

On the cash basis of accounting, acquisitions of capital assets are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

I. Prepaid Items

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2023 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

J. Loss on Advance Refunding

On the cash basis of accounting, for advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as a reduction of disbursement when the transaction occurs. This amount is not reported as a reduction of a liability in the basic financial statements.

K. Compensated Absences

On the cash basis of accounting, compensated absences consisting of vacation leave and sick leave are not accrued as a liability and are recorded as disbursements when paid. These amounts are not reported as liabilities in the basic financial statements.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are 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. It also includes the long-term amount of interfund loans.

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 formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change 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 the County Commissioners or a County official delegated that authority by resolution or by State Statute. State Statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

M. Long-Term Obligations

The County’s cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

N. Leases

Accruals related to leases (as defined by GASB 87) are not reflected under the County's cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

O. Subscription Based Information Technology Arrangements

Accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the County's cash basis of accounting. SBITA disbursements are recognized when they are paid.

P. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent the movement of resources from the fund receiving those resources to the fund through which those resources will be disbursed and are recorded as other financing sources and uses in governmental funds and as transfers in proprietary funds. Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

On the cash basis of accounting, advances are reported as other financing sources and uses in governmental funds and as nonoperating receipts and disbursements in proprietary funds. Exchange transactions between funds are recorded as receipts in the fund providing the goods or services and as disbursements in the fund receiving the goods or services. Interfund loans (advances in / out) are not reflected as assets/liabilities in the accompanying financial statements.

Q. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for the County nursing home, water and sewer services, and charges for health care premiums in the internal service fund. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the proprietary funds. All receipts and disbursements not meeting these definitions are reported as nonoperating.

R. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of December 31, 2023, there was no net position restricted by enabling legislation.

The County applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

S. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$95,665 are reflected as intergovernmental revenue in the OneOhio special revenue fund in the accompanying financial statements.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

T. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the enterprise funds represent certain resources which are segregated from other resources of the County to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the County or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

U. 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.

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2023.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the County has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the County.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the County.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the County.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the County.

B. 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 basic 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 basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined, and various other administrative remedies may be taken against the County.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, 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 security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. Up to 1 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.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the County Treasurer by the financial institution, or by participation in the Ohio Pooled Collateral System to secure the repayment of all public monies deposited with the institution.

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

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the County had \$8,946 in undeposited cash on hand, which is included on the financial statements of the County as part of “equity in pooled cash and cash equivalents”.

B. Cash in Segregated Accounts

At year-end, the County deposited \$1,371,563 in accounts separate from the County’s internal investment pool. The balances in these depository accounts are included in “deposits with financial institutions” below.

C. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all County deposits was \$43,369,333. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2023, \$4,360,887 of the County’s bank balance of \$45,717,941 was covered by the FDIC, while \$41,357,054 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2023, several of the County’s financial institutions were approved for a reduced collateral rate below 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

D. Investments

As of December 31, 2023, the County had the following investments and maturities:

<u>Investment type</u>	<u>Amount</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 - 12 months</u>	<u>13 - 18 months</u>	<u>19 - 24 months</u>	<u>More than 24 months</u>
FFCB	\$ 5,769,837	\$ -	\$ -	\$ 522,106	\$ 1,500,339	\$ 3,747,392
FHLMC	752,030	-	-	752,030	-	-
FHLB	6,604,204	1,758,214	961,112	1,935,545	-	1,949,333
FNMA	751,798	-	-	-	751,798	-
FAMC	1,186,600	-	-	-	435,903	750,697
Negotiable CD's	8,576,804	2,922,731	240,000	1,685,369	2,049,451	1,679,253
U.S. Treasury notes	6,904,867	2,723,484	972,066	1,483,091	-	1,726,226
STAR Ohio	23,761,759	23,761,759	-	-	-	-
Total	\$ 54,307,899	\$ 31,166,188	\$ 2,173,178	\$ 6,378,141	\$ 4,737,491	\$ 9,852,901

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments at December 31, 2023 is 1.24 years. The County’s investments in federal agency securities and negotiable certificates of deposit are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The County’s investments in STAR Ohio are valued at the daily redemption value as reported by the underlying fund (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The County’s investments were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The negotiable CDs are covered by FDIC. Standard & Poor’s has assigned STAR Ohio an AAAm money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service.

The County has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2023:

<u>Investment type</u>	<u>Amount</u>	<u>Percent of Total</u>
FFCB	\$ 5,769,837	10.62
FHLMC	752,030	1.38
FHLB	6,604,204	12.16
FNMA	751,798	1.38
FAMC	1,186,600	2.18
Negotiable CD's	8,576,804	15.79
U.S. Treasury notes	6,904,867	12.71
STAR Ohio	23,761,759	43.78
Total	<u>\$ 54,307,899</u>	<u>100.00</u>

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position - cash basis as of December 31, 2023:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 43,369,333
Investments	54,307,899
Cash on hand	8,946
Total	<u>\$ 97,686,178</u>
 <u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 61,965,834
Business-type activities	23,626,892
Custodial funds	12,093,452
Total	<u>\$ 97,686,178</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers for the year ended December 31, 2023 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds:</u>		
General (major fund)	\$ -	\$ 3,903,083
Road and bridge (major fund)	323,120	-
Nonmajor governmental funds	3,579,963	-
Total governmental funds	<u>3,903,083</u>	<u>3,903,083</u>
 <u>Enterprise funds:</u>		
Danbury sewer operations (major fund)	132,224	-
Regional water operations (major fund)	-	231,307
Nonmajor enterprise funds	129,397	30,314
Total enterprise funds	<u>261,621</u>	<u>261,621</u>
Total	<u>\$ 4,164,704</u>	<u>\$ 4,164,704</u>

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds and between enterprise funds are eliminated for reporting on the government-wide statement of net position - cash basis.

During the current year, the County's ARPA fund (a nonmajor governmental fund) transferred \$1,500,000 to the Riverview Nursing Home fund and \$1,117,129 to the Regional Water Operations fund. Per guidance set forth by the State of Ohio, this transfer out was reported as an expense and the corresponding transfers in were classified as other revenue.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Advances for the year ended December 31, 2023 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>Governmental funds:</u>		
General (major fund)	\$ 686,455	\$ 1,119,742
Road and bridge (major fund)	158,965	1,471,554
Nonmajor governmental funds	2,803,769	1,057,893
Total governmental funds	<u>3,649,189</u>	<u>3,649,189</u>
Total	<u>\$ 3,649,189</u>	<u>\$ 3,649,189</u>

These advances will be repaid in the next year as resources become available. Advances between governmental funds are eliminated for reporting on the government-wide statement of net position - cash basis.

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 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2023, was \$11.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 1,939,608,480
Commercial/Industrial/Mineral	277,485,450
<u>Public Utility</u>	
Real	552,580
Personal	178,475,620
Total Assessed Value	<u>\$ 2,396,122,130</u>

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1% percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The Ohio Department of Taxation certifies payment amounts to the Ohio Department of Budget and Management (OBM) so that OBM can issue the amount of the tax to be returned to the County. The Ohio Department of Taxation's certification must be made within forty-five days after the end of each month. On July 1, 2013, the County added an additional 0.25% permanent sales tax.

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term obligation activity for the fiscal year ended December 31, 2023 was as follows:

<u>Governmental Activities:</u>	Interest Rate	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amount Due In One Year
<u>General Obligation Bonds:</u>						
2013 Various Purpose Refunding Bonds (original amount \$3,140,000)	1.00-4.00	\$ 830,000	\$ -	\$ (155,000)	\$ 675,000	\$ 160,000
2016 Board of DD Facility Refunding Bonds (original amount \$1,205,000)	2.00-3.00	630,000	-	(120,000)	510,000	125,000
2016 Riverview Industries Building Refunding Bonds (original amount \$565,000)	2.00-3.00	295,000	-	(55,000)	240,000	55,000
Total General Obligation Bonds		1,755,000	-	(330,000)	1,425,000	340,000
<u>OPWC Loans (Direct Borrowings / Direct Placements):</u>						
2016 Portage River South Road CR #18 Reconstruction (original amount \$63,620)	0.00	34,459	-	(34,459)	-	-
2016 Replacement of Bridge (original amount \$255,115)	0.00	89,291	-	(89,291)	-	-
2018 Gypsum Road Pavement & Drainage (original amount \$57,940)	0.00	37,661	-	(37,661)	-	-
Total OPWC Loans		161,411	-	(161,411)	-	-
Loan Payable:	0.00	354,996	-	(100,000)	254,996	254,996
Total Governmental Activities		\$ 2,271,407	\$ -	\$ (591,411)	\$ 1,679,996	\$ 594,996

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities:</u>	Interest Rate	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amount Due In One Year
<u>General Obligation Bonds:</u>						
2016 Catawba Portage Sewer Refunding (original amount \$4,450,000)	1.00-3.50	\$ 3,500,000	\$ -	\$ (345,000)	\$ 3,155,000	\$ 365,000
2017 Riverview Home Improvement Project (original amount \$10,040,000)	3.12-4.0	9,205,000	-	(225,000)	8,980,000	235,000
2017 Water System Refunding (original amount \$1,325,000)	3.12-4.0	1,015,000	-	(70,000)	945,000	70,000
Total General Obligation Bonds		13,720,000	-	(640,000)	13,080,000	670,000
<u>Special Assessment Bonds:</u>						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	89,000	-	(29,000)	60,000	30,000
Total Special Assessment Bonds		89,000	-	(29,000)	60,000	30,000
<u>OWDA Loans (Direct Borrowings / Direct Placements):</u>						
1997 Regional Water (original amount \$29,991,085)	2.00	2,982,921	-	(1,476,485)	1,506,436	1,506,436
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	680,521	-	(333,924)	346,597	346,597
2004 Golf Lane Waterline (original amount \$69,018)	4.56	12,383	-	(4,787)	7,596	5,007
2004 Water Plant Expansion (original amount \$3,065,360)	4.51%	1,846,692	-	(119,000)	1,727,692	124,428
2006 South Bass Island Waterline (original amount \$968,848)	2.00	302,487	-	(52,564)	249,923	53,621
2007 Sewer Construction (original amount \$245,936)	3.82	72,539	-	(15,069)	57,470	15,651
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	430,373	-	(65,889)	364,484	68,121
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	135,107	-	(17,340)	117,767	17,956
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	96,837	-	(13,029)	83,808	13,661
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	181,902	-	(24,475)	157,427	25,661
2016 North Starboard Water & Sewer Replacement (original amount \$420,319)	2.92	181,728	-	(10,230)	171,498	10,532
2018 WWTP & Collection System Improvement (original amount \$632,977)	3.50	994,601	-	(58,659)	935,942	58,865
Total OWDA Loans		7,918,091	-	(2,191,451)	5,726,640	2,246,536

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities (continued):</u>	Interest Rate	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amount Due In One Year
<u>OPWC Loans (Direct Borrowings / Direct Placements):</u>						
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	6,295	-	(4,197)	2,098	2,098
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	27,794	-	(11,117)	16,677	11,118
2004 Regional Water System Repair (original amount \$174,000)	0.00	26,100	-	(8,700)	17,400	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	23,415	-	(6,690)	16,725	6,690
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	32,180	-	(7,151)	25,029	7,151
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00	101,337	-	(11,922)	89,415	11,922
2013 SBI Langram Rd Waterline Extension (original amount \$294,755)	0.00	169,482	-	(14,738)	154,744	14,738
2014 Barnum Road Sanitary Sewer Extension (original amount \$128,075)	0.00	76,844	-	(6,404)	70,440	6,404
2015 Erie Township Sanitary Sewer Extension (original amount \$323,180)	0.00	266,623	-	(16,159)	250,464	16,159
2018 Elevated Water Tower Tank Repairs (original amount \$138,142)	0.00	117,190	-	(6,894)	110,296	6,894
2019 RWTP Clarifier Mechanism Recoating (original amount \$76,922)	0.00	67,307	-	(3,846)	63,461	3,846
2021 PCI - Moores Dock Road Sanitary Sewer Rehabilitation/Replacement (original amount \$270,808)	0.00	257,268	-	(13,541)	243,727	13,540
2022 - RWTP - Filter Media Replacement (original amount \$203,617)	0.00	203,617	-	(9,754)	193,863	9,942
Total OPWC Loans		1,375,452	-	(121,113)	1,254,339	119,202
<u>Ohio Water & Sewer Loans (Direct Borrowings / Direct Placements):</u>						
1991 Portage Catawba Water (original amount \$185,855)	0.00	63,775	-	(22,333)	41,442	-
1992 Danbury Sewer (original amount \$216,741)	0.00	73,807	-	(3,604)	70,203	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	3,177	-	-	3,177	-
1999 Regional Water (original amount \$1,108,668)	0.00	875,538	-	(12,345)	863,193	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	25,859	-	-	25,859	-
2004 Clay Center (original amount \$13,128)	0.00	12,066	-	-	12,066	-
2005 State Road Sewer (original amount \$28,990)	0.00	19,672	-	-	19,672	-
2008 Allen/Clay Phase IV (original amount \$21,207)	0.00	18,026	-	-	18,026	-
2008 SBI Waterline (original amount \$8,421)	0.00	8,421	-	-	8,421	-
Total Ohio Water & Sewer Loans		1,100,341	-	(38,282)	1,062,059	-
Total Business-Type Activities		\$ 24,202,884	\$ -	\$ (3,019,846)	\$ 21,183,038	\$ 3,065,738

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

General obligation bonds are supported by the full faith and credit of Ottawa County. General obligation bonds will be paid from property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

2016 Various Purpose Refunding Bonds

On June 16, 2016, the County issued \$6,220,000 in general obligation bonds with interest rates from 4.0 percent to 4.75 percent. The proceeds of the bonds were used to refund \$1,310,000 of the County's 2006 Board of DD Facility Bonds, \$615,000 of the 2006 Riverview Industries Building Bonds and \$4,375,000 of the 2008 Catawaba Portage Sewer Refunding Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis. The balance of the refunded bonds outstanding at December 31, 2023 was \$3,905,000.

The refunding bonds are comprised of current interest bonds, par value \$6,220,000. Interest payments on the bonds are due on March 1 and September 1 each year. The final maturity stated in the issues range from September 1, 2027 to September 1, 2031. Payments of principal and interest are recorded as disbursements of the DD building bond fund (a nonmajor governmental fund) in the governmental funds and as disbursements of the Catawba Portage sewer fund in the business-type funds.

The refunding resulted in \$682,558 in gross debt service savings.

2013 Various Improvement Refunding Bonds

On September 18, 2013, the County issued \$3,140,000 in general obligation refunding bonds - Series 2013 for the purpose of refunding a portion (\$2,995,000) of the 2003 various improvement bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial bonds, par value \$2,465,000 and term bonds, par value \$675,000. The bonds bear interest rates ranging from 1.00% - 4.00%. Principal and interest payments are due on December 1 and June 1 of each year. The bonds mature on December 1, 2027.

The refunding resulted in \$236,148 in gross debt service savings.

The bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption in part on December 1, 2014, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 160,000

The remaining principal, in the amount of \$165,000, is payable at stated maturity.

The bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption in part on December 1, 2026, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 170,000

The remaining principal, in the amount of \$180,000, is payable at stated maturity.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Special Assessment Bonds

The special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments. Special assessment debt is supported by the full faith and credit of Ottawa County.

General Obligation Revenue Bonds

The general obligation revenue bonds are liabilities of the various enterprise funds and pledge their respective receipts for repayment. The bonds also pledge the full faith and credit and taxing ability of the County in the event that the enterprise funds' receipts are not sufficient to meet the principal and interest requirements.

Catawba Portage Sanitary Sewer Revenue Refunding Bonds

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 120,000
2017	130,000
2018	145,000
2019	145,000
2020	160,000
2021	150,000

The remaining principal, in the amount of \$195,000, is payable at stated maturity.

2011 Catawaba Portage Sanitary Sewer Refunding Bonds

On June 5, 2011, the County issued \$1,400,000 in refunded general obligation bonds with interest rates from 1.3 percent to 3.7 percent. The proceeds of the bonds were used to refund \$1,655,000 of the County's outstanding 1998 Catawaba Portage Sanitary Sewer bonds. During 2017, these bonds were refunded with the 2017 Sewer System Refunding Bonds.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

2017 Water System Refunding Bonds

On December 18, 2017, the County issued \$1,325,000 in general obligation bonds with interest rates from 3.125 percent to 4.00 percent. The proceeds of the bonds were used to refund \$1,355,000 of the County's 2011 Regional Water System Improvement Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial and term bonds, par value \$1,325,000. Interest payments on the bonds are due on June 1 and December 1 each year. The final stated maturity is December 1, 2034. Payments of principal and interest are recorded as disbursements of the Regional Water Operations fund in the business-type funds.

The refunding resulted in \$157,782 in gross debt service savings.

2017 Riverview Home Improvement Project Bonds

On December 18, 2017, the County issued \$10,040,000 in general obligation bonds with interest rates from 3.125 percent to 4.00 percent. The proceeds of the bonds were used for improvement projects.

The bonds are comprised of serial and term bonds, par value \$10,040,000. Interest payments on the bonds are due June 1 and December 1 each year. The final stated maturity is December 1, 2047. Payments of principal and interest are recorded as disbursements of the Riverview Nursing Home fund in the business-type funds.

Ohio Water and Sewer Loans

The Ohio Water and Sewer Loans were provided to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection. Accordingly, no amortization schedules are available for these loans.

The loans are non-interest bearing as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC. Several of these loans were used for purposes outside the loan and were required to submit monies to OWSRC.

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross receipts of the enterprise funds. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

At December 31, 2023, the County had OWDA loans related to business-type activities. The County has pledged future water and sewer receipts to repay these OWDA loans. The loans are payable solely from water and sewer fund receipts and are payable through 2037. Annual principal and interest payments on the loans are expected to require 67.08 percent of net receipts and 19.65 percent of total receipts. The total principal and interest remaining to be paid on the loans is \$6,359,055. Principal and interest paid for the current year were \$2,386,385, total net receipts revenues were \$3,441,796 and total revenues were \$11,752,346.

OTTAWA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for various water and sewer projects. OPWC loans are payable solely from the gross receipts of the enterprise funds.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the County is located to pay the amount of the default from funds that would otherwise be appropriated to the County from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Loan Payable

In 2015, the County entered into a loan agreement with the State of Ohio's Development Services Agency to borrow up to \$500,000 for highway garage renovations. At December 31, 2023, the outstanding loan amount was \$254,996. The loan shall mature in ten years and carry interest at 0 % interest rate.

Legal Debt Margins

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, should not exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, should not 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.

The assessed valuation used in determining the County's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the County's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at December 31, 2023 are a legal voted debt margin of \$53,941,163 (including available funds of \$401,606) and a legal unvoted debt margin of \$22,176,465.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the County's future annual debt service requirements for governmental activities.

Year Ended	General Obligation Bonds		Loan Payable
	Principal	Interest	Principal
2024	\$ 340,000	\$ 46,324	\$ 254,996
2025	345,000	36,544	-
2026	360,000	25,700	-
2027	380,000	13,200	-
2028	-	-	-
2029 - 2033	-	-	-
2034 - 2037	-	-	-
Total	\$ 1,425,000	\$ 121,768	\$ 254,996

The following is a summary of the County's future annual debt service requirements for business-type activities.

Year Ended	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 670,000	\$ 457,631	\$ 30,000	\$ 2,904
2025	690,000	436,306	30,000	1,476
2026	705,000	412,406	-	-
2027	730,000	387,956	-	-
2028	765,000	362,606	-	-
2029 - 2033	3,265,000	1,398,531	-	-
2034 - 2038	1,970,000	925,744	-	-
2039 - 2043	2,225,000	576,375	-	-
2044 - 2047	2,060,000	176,683	-	-
Total	\$ 13,080,000	\$ 5,134,238	\$ 60,000	\$ 4,380

Year Ended	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2024	\$ 2,246,536	\$ 147,390	\$ 119,202	\$ -
2025	403,808	98,547	111,545	-
2026	414,452	84,926	93,941	-
2027	419,360	71,870	87,021	-
2028	395,134	58,805	83,445	-
2029 - 2033	1,263,969	158,437	387,419	-
2034 - 2038	552,392	12,386	265,674	-
2039 - 2043	30,989	54	106,092	-
Total	\$ 5,726,640	\$ 632,415	\$ 1,254,339	\$ -

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2023, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	100,000,000
Other Property Insurance:	
Extra Expense	2,500,000
Contingent Business Interruption	100,000
Contractors Equipment	Replacement or actual cash value
Valuable Papers and Records	2,500,000
Automobile Physical Damage	Actual cash value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime	1,000,000
Unmanned Aircraft General Liability	1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA (See Note 2). The County pays all elected officials' bonds in accordance with statute. There has been no significant reduction in insurance coverage from 2022 and no insurance settlement has exceeded insurance coverage during the last three years.

B. Workers Compensation

Workers' compensation coverage is provided by the State of Ohio. The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Medical Insurance

The County manages health, vision, dental, and drug card insurance for its employees on a self-insured basis. A third-party administrator processes the claims, which the County pays. The Self Insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Self Insurance internal service fund. Claims and services are paid from the Self Insurance internal service fund.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - RISK MANAGEMENT - (Continued)

Under the health insurance program, the Self Insurance internal service fund provides in accordance with the Affordable Care Act. The County purchased commercial insurance for claims in excess of coverage provided by the Self Insurance internal service fund. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payments for the year ended December 31, 2023 were \$7,174,796.

The changes in the cash balance of the Self Insurance internal service fund for 2023 and 2022 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2023	\$ 4,326,521	\$ 7,213,345	\$ (7,174,796)	\$ 4,365,070
2022	4,294,085	6,775,065	(6,742,629)	4,326,521

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) and Net OPEB Liability

Pensions and OPEB are a component 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability (asset) and the net OPEB liability 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/OPEB 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.

The 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.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability (asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension 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 pension liabilities within 30 years. If the pension 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. Resulting adjustments to the net pension/OPEB liability 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 liability (asset) net OPEB liability 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 11 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

OTTAWA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local			
	Traditional	Combined	Public Safety	Law Enforcement
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
 2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

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

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

***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$3,756,359 for 2023.

Net Pension Liabilities/(Assets)

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/(asset) prior measurement date	0.16186300%	0.15096500%	0.12189700%	
Proportion of the net pension liability/(asset) current measurement date	0.16053000%	0.13764000%	0.12851500%	
Change in proportionate share	<u>-0.00133300%</u>	<u>-0.01332500%</u>	<u>0.00661800%</u>	
Proportionate share of the net pension liability	\$ 47,420,632	\$ -	\$ -	\$ 47,420,632
Proportionate share of the net pension asset	-	(324,403)	(10,050)	(334,453)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented on the following page.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	<u> </u>

Discount Rate - The discount rate used to measure the total pension liability/(asset) was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. 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 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan 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 (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 71,034,525	\$ 47,420,632	\$ 27,778,111
Combined Plan	(169,297)	(324,403)	(447,330)
Member-Directed Plan	(6,426)	(10,050)	(12,852)

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 10 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the 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 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$43,424 for 2023.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liabilities

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	OPERS
Proportion of the net OPEB liability/(asset) prior measurement date	0.15990700%
Proportion of the net OPEB liability current measurement date	0.15854200%
Change in proportionate share	-0.00136500%
 Proportionate share of the net OPEB liability	 \$ 999,638

Actuarial Assumptions - OPERS

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

Projections of health care costs 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, 2021, rolled forward to the measurement date of December 31, 2022.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00 %	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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 the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB liability (asset)	\$ 3,402,311	\$ 999,638	\$ (982,960)

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. 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 the health care 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 936,983	\$ 999,638	\$ 1,070,159

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of cash receipts, cash disbursements and changes in fund cash balance - governmental funds - budgetary basis presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund cash balance for that portion of outstanding encumbrances (cash basis); and
- (b) Some funds are included in the General Fund (cash basis) but have separate legally adopted budgets (budget basis).
- (c) Some funds included in the General Fund (cash basis) have deposits held in outside (segregated) accounts.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the net change in fund cash balance for the year on the budget basis to the cash basis for the general fund and major special revenue funds are as follows:

	Governmental Funds		
	General	Road and Bridge	Board of Developmental Disabilities
	Budget basis	\$ 2,711,018	\$ (1,316,882)
Net adjustment for cash in segregated accounts	(48,406)	-	-
Net adjustment for funds budgeted elsewhere	(104,888)	-	-
Encumbrances (budget-basis)	806,269	670,515	346,911
Cash basis	\$ 3,363,993	\$ (646,367)	\$ 439,718

NOTE 13 - CONTINGENCIES

A. Grants

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

B. Litigation

Several claims and lawsuits are pending against the County. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the County's financial condition.

NOTE 14 - 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	Year - End Encumbrances
General	\$ 809,017
Road and bridge	670,515
Board of developmental disabilities	346,911
Other governmental	2,296,599
Total	\$ 4,123,042

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - FUND BALANCE

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

Fund balance	General	Road and Bridge	Board of Developmental Disabilities	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Unclaimed monies	\$ 49,555	\$ -	\$ -	\$ -	\$ 49,555
Total nonspendable	<u>49,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,555</u>
Restricted:					
Capital projects	-	-	-	318,462	318,462
Debt service	-	-	-	401,606	401,606
Public safety programs	-	-	-	2,739,617	2,739,617
Public works project	-	6,652,859	-	1,030,812	7,683,671
Health services	-	-	-	150,932	150,932
Human services programs	-	-	8,055,843	11,855,627	19,911,470
Economic development	-	-	-	1,348	1,348
Other purposes	-	-	-	3,596,073	3,596,073
Total restricted	<u>-</u>	<u>6,652,859</u>	<u>8,055,843</u>	<u>20,094,477</u>	<u>34,803,179</u>
Committed:					
Capital projects	-	-	-	5,568,801	5,568,801
Other purposes	1,108,223	-	-	42,367	1,150,590
Total committed	<u>1,108,223</u>	<u>-</u>	<u>-</u>	<u>5,611,168</u>	<u>6,719,391</u>
Assigned:					
Public safety programs	185,252	-	-	-	185,252
Other purposes	806,619	-	-	-	806,619
Total assigned	<u>991,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>991,871</u>
Unassigned	<u>15,036,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,036,768</u>
Total fund balances	<u>\$ 17,186,417</u>	<u>\$ 6,652,859</u>	<u>\$ 8,055,843</u>	<u>\$ 25,705,645</u>	<u>\$ 57,600,764</u>

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
<u>SNAP Cluster:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
FAET 50% Operating	10.561	JFSCFP23		\$ 286
FAET 100%		JFSCF123		383
FAET 100%		JFSCF124		10,619
FAET Operating		JFSCF523		16,674
FAET Operating		JFSCF524		1,027
Food Assistance		JFSCFB23		124,904
Food Assistance		JFSCFB24		48,651
COVID-19 SNAP Non Admin American Rescue Plan Act		JFSCFJ23		10,032
COVID-19 - SNAP American Rescue Plan Act		JFSCFJ23		8,959
Total SNAP Cluster				<u>221,535</u>
Total U.S. Department of Agriculture				<u>221,535</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Service Agency:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants - Improvement Program Housing Assistance and Rehab	14.228	B-C-20-1CE-1		22,750
Community Development Block Grants - Improvement Program Housing Assistance and Rehab		B-C-22-1CE-1		97,102
Community Development Block Grants - Allocation		B-F-22-1CE-2		105,613
Total AL #14.228				<u>225,465</u>
Home Investment Partnerships Program				
Home Investment Partnerships Program	14.239	B-C-20-1CE-2		30,000
Home Investment Partnerships Program		B-C-22-1CE-2		130,218
Total AL #14.239				<u>160,218</u>
Total U.S. Department of Housing and Urban Development				<u>385,683</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Ohio Attorney General's Office:</i>				
Crime Victim Assistance				
Crime Victim Assistance	16.575	2023-VOCA-135109345		25,701
Crime Victim Assistance		2024-VOCA-135504813		7,217
Total AL #16.575				<u>32,918</u>
<i>Direct:</i>				
Drug Court Discretionary Grant Program	16.585	N/A		6,215
Total U.S. Department of Justice				<u>39,133</u>
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Area 7 Workforce Investment Board:</i>				
<u>WIOA Cluster:</u>				
WIA Adult Program				
WIOA Adult Program (PY2022)	17.258	SO762		18,318
WIOA Adult Program (FY2022)		SO762	\$ 70,613	183,664
WIOA Adult Program (FY2023)		SO762		51,078
WIOA Adult Program - Non-Formulary Grants (SFY2023)		SO762		129
WIOA Adult Program - Non-Formulary Grants (SFY2024)		SO762		45
WIOA State Special Projects (SFY2023)		SO762		10,000
WIOA Business Resource Network (SFY2024)		SO762		332
Total AL # 17.258			70,613	<u>263,566</u>
WIA Youth Activities				
WIOA Youth Activities (PY2021)	17.259	CO762	100,781	107,442
WIOA Youth Activities (PY2022)		CO762		50,893
Total AL #17.259			100,781	<u>158,335</u>
WIA Dislocated Worker Formula Grants				
WIOA Dislocated Worker Formula Grants (FY2022)	17.278	SO762	52,800	142,144
WIOA Dislocated Worker Formula Grants (PY2022)		SO762		73,789
WIOA Dislocated Worker Non-Formula Grants (SFY2023)		SO762		100
WIOA Dislocated Worker Non-Formula Grants (SFY2024)		SO762		16
Total AL # 17.278			52,800	<u>216,049</u>
Total WIOA Cluster			<u>224,194</u>	<u>637,950</u>
<u>Employment Service Cluster:</u>				
Employment Service/Wagner-Peyser Funded Activities (SFY2023)	17.207	SO762		2,604
Employment Service/Wagner-Peyser Funded Activities (SFY2024)		SO762		713
Total Employment Service Cluster				<u>3,317</u>

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Area 7 Workforce Investment Board:</i>				
Unemployment Insurance				
Unemployment Insurance (PY22)	17.225	SO762	324	61,869
Unemployment Insurance (PY22)		SO762	3,840	32,911
Supplemental Unemployment Insurance (SFY22)		SO762		13,066
Total AL #17.225			<u>4,164</u>	<u>107,846</u>
Trade Adjustment Assistance				
Trade Adjustment Assistance (FY2023)	17.245	SO762		415
Trade Adjustment Assistance (FY2024)		SO762		115
Total AL #17.245				<u>530</u>
Workforce Investment Act (WIA) National Emergency Grants				
COVID-19 NDWG Employment Recovery 2022	17.277	COVID-19 - SO762		113,873
NDWG Opioid Fresh Start 2022		SO762		17,020
NDWG Opioid Fresh Start 2023		SO762		576
NDWG Opioid Fresh Start 2022 Increment #2		SO762		199
NDWG Opioid Fresh Start 2023 Increment #2		SO762		171
Total AL #17.277				<u>131,839</u>
Total U.S. Department of Labor			<u>228,358</u>	<u>881,482</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction				
Linker Portage Road over Sugar Creek OTT-TR46-1.41	20.205	112148		511,300
Oak Harbor Southeast Road CR #17 Resurfacing		110343		1,669,918
Total AL #20.205				<u>2,181,218</u>
Formula Grants for Rural Areas and Tribal Transit Program				
Rural Transit Operating	20.509	RPTF-4114-005-231		233,000
Rural Transit Operating		RPTM-0114-005-232		55,015
Rural Transit Operating		RPTF-4114-025-231		481,642
Rural Transit Operating		RPTM-0114-025-232		143,689
Total AL #20.509				<u>913,346</u>
Total U.S. Department of Transportation				<u>3,094,564</u>
U.S. Department of Treasury				
<i>Direct:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		1,704,530
<i>Passed Through Ohio Job and Family Services:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	JFSSSTFO		90,446
<i>Passed Through Ohio Department of Public Safety</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-CCB-1140		137,651
Total AL #21.027				<u>1,932,627</u>
Local Assistance and Tribal Consistency Fund	21.032	H5KBJSPPY5RA3		100,000
Total U.S. Department of Treasury				<u>2,032,627</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Special Education - Grants for Infants and Families				
Special Education - Grants for Infants and Families	84.181	H181A210024		48,395
COVID-19 Special Education - Grants for Infants and Families (American Rescue Plan Act)	84.181X	H181X210024		7,359
Total AL #84.181				<u>55,754</u>
Total U.S. Department of Education				<u>55,754</u>
U.S. ELECTION ASSISTANCE COMMISSION				
<i>Passed Through Ohio Secretary of State:</i>				
2018 HAVE Election Security Grants				
2023 HAVA Election Security	90.404	N/A		6,629
2022 HAVA Election Security		N/A		5,412
Total AL #90.404				<u>12,041</u>
Total U.S. Election Assistance Commission				<u>12,041</u>

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through The Area Office of Aging of Northwest Ohio:</i>				
<u>Aging Cluster:</u>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		38,759
Special Programs for the Aging - Title III, Part C - Nutrition Services				
Special Programs for the Aging - Title III, Part C1 - Nutrition Service	93.045	N/A		35,574
Special Programs for the Aging - Title III, Part C2 - Nutrition Service		N/A		87,061
Total AL #93.045				122,635
Nutritional Services Incentive Program	93.053	N/A		37,798
Total Aging Cluster				199,192
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Title IV-E Prevention and Family Services and Programs (A)				
Title IV-E Prevention and Family Services and Programs (A)	93.472	JFSCPS23		43,578
Title IV-E Prevention and Family Services and Programs (A)		JFSCPS24		610
Total AL #93.472				44,188
Promoting Safe and Stable Families				
ESSA Preservation	93.556	JFSCPF23		30,652
ESSA Preservation		JFSCPF24		482
ESSA Reunification		JFSCPF23		11,553
ESSA Reunification		JFSCPF24		10,703
Total AL #93.556				53,390
Temporary Assistance for Needy Families				
TANF Administration	93.558	JFSCTF23		312,505
TANF Regular (Program)		JFSCTF23		446,728
CCMEP TANF Regular		JFSCTF23	116,477	116,477
CCMEP TANF Regular		JFSCTF24	34,796	34,796
CCMEP TANF Administration		JFSCTF23	17,038	17,039
CCMEP TANF Administration		JFSCTF24	1,803	1,803
TANF Summer Youth		JFSCTF23		212
TANF Performance Incentive		JFSCTF21		12,252
Kinship Caregiver		JFSCTF22	4,162	4,162
Kinship Caregiver		JFSCTF23		12,956
Fraud Awareness		JFSCTF23		2,000
TANF Independent Living		JFSCTF23		20
Total AL #93.558			174,276	960,950
Child Support Enforcement				
Federal Child Support	93.563	JFSCCS23		241,645
Federal Child Support		JFSCCS24		80,627
Child Support Awareness Month		JFSFCS231		300
Federal Child Support Training Allocation		JFSFCS161		1,000
Federal Incentive		JFSFCS57		89,025
Total AL #93.563				412,597
<u>CCDF Cluster:</u>				
Child Care and Development Block Grant				
Child Care and Development Block Grant Non-Admin	93.575	JFSCCD23		18,418
Child Care and Development Block Grant Non-Admin		JFSCCD24		10,811
Total CCDF Cluster				29,229
Grants to States for Access and Visitation Programs				
Visitation Access (2023)	93.597	JFSFC604		43,221
Visitation Access (2024)		JFSFC604		26,229
Total AL #93.597				69,450
Stephanie Tubbs Jones Child Welfare Services Program				
IV-B	93.645	JFSCCW23		29,000
IV-B Admin		JFSCCW23		3,000
Total AL #93.645				32,000
Foster Care Title IV-E				
IV-E Admin & Training Foster Care	93.658	JFSFCF23		46,908
IV-E Admin & Training Foster Care		JFSFCF24		24,935
Title IV-E Foster Care Services Maintenance		JFSFCF23		320,538
Title IV-E Foster Care Services Maintenance		JFSFCF24		141,258
Total AL #93.658				533,639

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Adoption Assistance				
IV-E Admin & Training Adoption Assistance	93.659	JFSCAA23		182,007
IV-E Admin & Training Adoption Assistance		JFSCAA24		69,024
IV-E Non Recurring Adoption (FY2023)		JFSFP887		12,876
IV-E Non Recurring Adoption (FY2024)		JFSFP887		5,139
Total AL #93.659				<u>269,046</u>
Social Services Block Grant				
Title XX - Base Subsidy	93.667	JFSCSS23		130,110
Title XX - Base Subsidy		JFSCSS24		3,635
Title XX - Transfer Subsidy		JFSCIX23		303,855
Total AL #93.667				<u>437,600</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	JFSCIL23		<u>1,164</u>
Elder Abuse Prevention Interventions Program				
COVID-19 Ohio APS Program -ARP	93.747	JFSCEB21		2,546
COVID-19 Stimulus APS		JFSCEA21		1,283
Total AL #93.747				<u>3,829</u>
Children's Health Insurance Program				
Children's Health Insurance Program	93.767	MCDFSH23		6,779
Children's Health Insurance Program		MCDFSH24		2,704
Children's Health Insurance Program		MCDFSH23CV		159
Children's Health Insurance Program		MCDFSH24CV		38
Total AL #93.767				<u>9,680</u>
<u>Medicaid Cluster:</u>				
Medical Assistance Program				
Medicaid 50%	93.778	MCDFMT23		6,019
Medicaid 50%		MCDFMT24		2,704
Medicaid 75%		MCDFMT23		228,494
Medicaid 75%		MCDFMT24		64,355
Medicaid Combined		MCDFMT23		53,892
Medicaid Combined		MCDFMT24		14,748
Medicaid NET		MCDFMT23		83,003
Medicaid NET		MCDFMT24		34,594
Total Medicaid Cluster				<u>487,809</u>
Total U.S. Department of Health and Human Services			<u>174,276</u>	<u>3,543,763</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Hazard Mitigation Grant	97.039	FEMA-DR-4424-OH		<u>347,777</u>
Emergency Management Performance Grants	97.042	EMC-2022-EP-00006		<u>66,300</u>
Homeland Security Grant Program				
Homeland Security Grant Program	97.067	EMW-2019-SS-00024		300,696
Homeland Security Grant Program		EMW-2020-SS-00037		28,042
Total AL #97.067				<u>328,738</u>
Total U.S. Department of Homeland Security				<u>742,815</u>
Total Expenditures of Federal Awards			<u>\$ 402,634</u>	<u>\$ 11,009,397</u>

The accompanying notes are an integral part of this schedule.

OTTAWA COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ottawa County, Ohio (the County) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The County passes certain federal awards received from Workforce Investment Act, Area, 7 and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes the County reports expenditures of federal awards to subrecipients when paid in cash.

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

NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2023 is \$572,570.

NOTE F - MATCHING REQUIREMENTS

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

OTTAWA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

During fiscal year 2023, the County made allowable transfers of \$303,855 from the Temporary Assistance for Needy Families (TANF) (AL #93.558) program to the Social Services Block Grant (SSBG) (AL #93.667) program. The Schedule shows the County spent approximately \$961,000 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2023 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,264,805
Transfer to Social Services Block Grant	<u>(303,855)</u>
Total Temporary Assistance for Needy Families	<u>\$ 960,950</u>

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

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1942

To the Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to 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 Ottawa County, Ohio (the County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2024, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also qualified our opinion due to a modified opinion issued in the prescription drug claims processing subservice organization Type 2 SOC 1 report supporting the amount reported as claims expenses in the governmental activities and aggregate remaining fund information.

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.

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

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. We consider the deficiency described in the accompanying schedule of findings as item 2023-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2023-003 to be a significant deficiency.

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 2023-001.

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 schedule of findings and 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

The 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

September 20, 2024

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1942

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ottawa County, Ohio's (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 Ottawa County's major federal programs for the year ended December 31, 2023. Ottawa County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings.

In our opinion, Ottawa County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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 opinion 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.

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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 2023-004 to be a significant deficiency.

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 schedule of findings and 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

September 20, 2024

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OTTAWA COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction - AL #20.205 COVID-19 Coronavirus State and Local Fiscal Recovery Funds - AL #21.027 Medicaid Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2023-001

Noncompliance Citation

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) 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.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined 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.

FINDING NUMBER 2023-002

Material Weakness - Subservice Organization Prescription Drug Claims Processing

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The County has outsourced employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. This third-party administrator obtained a Type 2 SOC 1 report. The Type 2 SOC 1 report refers to a subservice organization, Evernorth Health Services, which provides prescription drug claims processing. We have deemed this service to also be a significant accounting function.

Evernorth Health Services' Type 2 SOC 1 report included a qualified opinion. The report states "there were no controls designed and in place related to the setup of master data elements within the CGS [client guarantee system] system to ensure the master data used in the calculation of client contracted AWP [average wholesale price] pricing guarantee performance was complete and accurate during the period November 1, 2022 to October 31, 2023." We were therefore unable to obtain sufficient audit evidence about the proper processing of prescription drug claims.

**FINDING NUMBER 2023-002
(Continued)**

Failing to ensure adequate controls are in place and operating effectively could result in prescription drug claims processing errors occurring without detection.

The County should require its service organizations to contract with subservice organizations that can provide Type 2 SOC 1 reports with unmodified opinions. If such reports and opinions cannot be obtained, the County should contract with a third-party administrator who will contract with subservice organizations that obtain such reports.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2023-003

Significant Deficiency - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the basic financial statements were identified:

- General Fund original budgeted amounts for various budgetary basis disbursements accounts were increased in amounts ranging from \$20,710 to \$1,951,392 in order to bring the amounts reported in the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance Governmental Funds - Budgetary Basis in line with authorized budget amounts;
- General Fund final budgeted amounts for transfers out was increased in amount of \$775,642 and human services disbursements was decreased in the amount of \$775,642 in order to bring the amounts reported in the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance Governmental Funds - Budgetary Basis in line with authorized budget amounts; and
- Board of Developmental Disabilities Fund original budgeted amounts for human services disbursements was increased in the amount of \$6,540,950 in order to bring the amount reported in the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance Governmental Funds - Budgetary Basis in line with the authorized budget amount.

These errors were not identified and corrected prior to the County preparing its basic financial statements due to deficiencies in the County's internal controls over financial statement monitoring. The failure to adequately monitor the basic financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified an additional immaterial misstatement in the amount of \$119,576 that we have brought to the County's attention.

The County should adopt policies and procedures, including a final review of the basic financial statements to help identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

1. Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Finding Number:	2023-004
Assistance Listing Number and Title:	AL #21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

Significant Deficiency

Sound internal control procedures include policies and procedures designed to provide reasonable assurance that the County is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Due to deficiencies in internal controls over federal expenditures, the County, specifically Riverview Nursing Home (the Nursing Home), did not have policies and procedures in place to identify specific expenditures charged to the Coronavirus State and Local Fiscal Recovery Funds (AL #21.027) program.

Although the County and Nursing Home subsequently identified expenditures that complied with allowable activities and allowable costs/cost principles requirements, the failure to have the proper controls in place to help ensure expenditures were made in accordance with program requirements could result in Treasury taking action against the County, including having to payback unidentifiable expenditures.

The County and Nursing Home should implement and have controls in place to help ensure program expenditures are properly identified and monitored for compliance.

Officials' Response:

See Corrective Action Plan.

OTTAWA COUNTY BOARD OF COMMISSIONERS

MAIN OFFICE: 419-734-6710

MARK E. COPPELER
419-734-6707

DONALD A. DOUGLAS
419-734-6705

MARK W. STAHL
419-734-6706

COUNTY ADMINISTRATOR
CALLIE MCCONAHAY
419-734-6720

CLERK
THERESA ELDER
419-734-6709

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was initially reported during the audit of the 2009 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2023-001 in this report.	This is due to the County choosing to report on a basis other than generally accepted accounting principles due to the additional costs of preparing the financial statements according to generally accepted accounting principles and the current reporting basis having no impact on the County's debt. No corrective action is planned.
2022-002	Material weakness due to errors in financial reporting.	Partially corrected and reissued as Finding 2023-003 in this report.	This matter was not fully corrected due to deficiencies in the County's internal controls over financial reporting. Current year errors were not material, supporting reduction of this comment to a significant deficiency. The County will work with its reporting agency to verify the correct financial documents are utilized in preparation of the annual financial reporting.

OTTAWA COUNTY BOARD OF COMMISSIONERS

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CLERK
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419-734-6709

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2023

Finding Number: 2023-001
Planned Corrective Action: No planned corrective action, as management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets and debt.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-002
Planned Corrective Action: Ottawa County contracted with Medical Mutual of Ohio as our Third-Party Administrator during 2023. All contracts were signed by Medical Mutual (MMOH) authorized parties along with County officials. MMOH provided various services to Ottawa County and used a multitude of vendors within their means to provide medical, prescription, dental and vision benefits to our employees. The County will always do our due diligence to utilize vendors that comply with all regulations. The County relies upon our TPA to utilize their expertise, their internal controls and assurance that they are monitoring how claims are processed and processed correctly on our behalf. The County will communicate the State's findings with the new TPA to prevent future occurrence.
Anticipated Completion Date: December 31, 2024
Responsible Contact Person: Jennifer Widmer, County Auditor

Finding Number: 2023-003
Planned Corrective Action: The County will work with its reporting agency to verify the correct financial documents are utilized in preparation of the annual financial reporting.
Anticipated Completion Date: December 31, 2024
Responsible Contact Person: Jennifer Widmer, County Auditor

Finding Number: 2023-004
Planned Corrective Action: No further funds will be released from the Coronavirus State and Local Fiscal Recovery Funds without written verification that funds are allocated for and spent in accordance with allowable expenditures.
Anticipated Completion Date: December 31, 2024
Responsible Contact Person: Jennifer Widmer, County Auditor

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OHIO AUDITOR OF STATE KEITH FABER



OTTAWA 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 9/26/2024

65 East State 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