FAYETTE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

FAYETTE COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Fayette County
133 South Main Street
Washington Court House, Ohio 43160

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the remaining fund information of Fayette County, Ohio (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Adverse
Governmental Fund - General	Unmodified
Governmental Fund - County Board of Developmental Disabilities	Unmodified
Governmental Fund - Motor Vehicle and Gas Tax	Unmodified
Governmental Fund -Adult Detention Construction	Unmodified
Enterprise Fund - Water District Revenue Fund	Unmodified
Remaining Fund Information	Unmodified
Enterprise Fund - Fayette County Memorial Hospital	Adverse

Basis for Adverse Opinions on the Business-Type Activities, Enterprise Funds-Fayette County Memorial Hospital

As discussed in Note 1 to the financial statements, management has not included the Fayette County Memorial Hospital in the County's financial statements as business-type activities or as an enterprise fund. Accounting principles generally accepted in the United States of America require that the Fayette County Memorial Hospital be presented as a major enterprise fund and financial information to be part of the business-type activities, thus increasing that activity's assets, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, fund balances, net position, revenues, and expenses of the business-type activities and the omitted major fund cannot reasonably be determined.

Adverse Opinions

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinions on the Business – Type Activities* and Enterprise Fund – Fayette County Memorial Hospital paragraph, the financial statements referred to above do not present fairly the cash financial position of the Fayette County Memorial Hospital enterprise fund or the business-type activities of Fayette County, Ohio, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting basis described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund except the Fayette County Memorial Hospital fund, and remaining fund information of Fayette County, Ohio as of December 31, 2019, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Board of Developmental Disabilities, and Motor Vehicle and Gasoline Tax Funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 19 to the financial statements, during 2019 the County adopted new accounting guidance in Government Accounting Standards Board Statement No. 84, *Fiduciary Activities.*

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

Other Matters

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

November 9, 2020

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Fayette County, Ohio

Statement of Net Position - Cash Basis

December 31, 2019

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$21,951,887	$2,982,940	$24,934,827
Cash and Cash Equivalents in Segregated Accounts	559,133	0	559,133
Cash and Cash Equivalents with Fiscal Agents	90,406	0	90,406
Total Assets	$22,601,426	$2,982,940	$25,584,366
Net Position			
Restricted for:			
Legislative and Executive	$959,094	$0	$959,094
Judicial	1,028,265	0	1,028,265
Public Safety	1,654,761	0	1,654,761
Public Works	3,221,866	0	3,221,866
Health	3,290,256	0	3,290,256
Human Services	1,654,262	0	1,654,262
Conservation and Recreation	308,865	0	308,865
Economic Development	7,124	0	7,124
Urban Redevelopment	201,413	0	201,413
Debt Services	1,495,848	0	1,495,848
Capital Projects	2,555,725	0	2,555,725
Unrestricted	6,223,947	2,982,940	9,206,887
Total Net Position	$22,601,426	$2,982,940	$25,584,366

See accompanying notes to the basic financial statements

Fayette County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

		Program Cash Receipts		
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
General Government:				
Legislative and Executive	$5,447,274	$1,567,594	$78,124	$0
Judicial	2,443,617	554,501	460,338	0
Public Safety	4,896,711	756,768	163,861	0
Public Works	7,345,426	414,693	5,677,567	94,049
Health	3,717,389	225,008	1,506,045	0
Human Services	6,622,485	276,969	4,467,067	0
Conservation and Recreation	852,925	189,574	6,028	0
Economic Development and Assistance	390,793	0	0	0
Urban Redevelopment and Housing	403,456	51,475	446,481	0
Capital Outlay	5,460,952	0	175,000	47,122
Debt Service:				
Principal Retirement	352,923	0	0	0
Interest and Fiscal Charges	29,578	0	0	0
Total Governmental Activities	37,963,529	4,036,582	12,980,511	141,171
Business-Type Activities				
Water	1,383,874	960,012	184,904	0
Sewer	439,333	407,401	0	0
Sanitary Revenue Waste	1,046,099	1,053,557	0	0
Total Business-Type Activities	2,869,306	2,420,970	184,904	0
Total Primary Government	$40,832,835	$6,457,552	$13,165,415	$141,171

General Receipts
Property Taxes Levied for:
General Purposes
Debt Service
Other Local Taxes
Sales Tax
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Earnings on Investments
Miscellaneous
Bonds Issued
Proceeds of Loans

Total General Receipts and Transfers

Change in Net Position

Net Position Beginning of Year - Restated See Note 19

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
($3,801,556)	$0	($3,801,556)
(1,428,778)	0	(1,428,778)
(3,976,082)	0	(3,976,082)
(1,159,117)	0	(1,159,117)
(1,986,336)	0	(1,986,336)
(1,878,449)	0	(1,878,449)
(657,323)	0	(657,323)
(390,793)	0	(390,793)
94,500	0	94,500
(5,238,830)	0	(5,238,830)
(352,923)	0	(352,923)
(29,578)	0	(29,578)
(20,805,265)	0	(20,805,265)
0	(238,958)	(238,958)
0	(31,932)	(31,932)
0	7,458	7,458
0	(263,432)	(263,432)
(20,805,265)	(263,432)	(21,068,697)
5,711,537	0	5,711,537
154,051	0	154,051
444,744	0	444,744
8,399,466	0	8,399,466
1,498,936	0	1,498,936
3,245	0	3,245
667,488	0	667,488
1,860,040	15,519	1,875,559
4,755,603	0	4,755,603
95,282	0	95,282
23,590,392	15,519	23,605,911
2,785,127	(247,913)	2,537,214
19,816,299	3,230,853	23,047,152
$22,601,426	$2,982,940	$25,584,366

Fayette County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	$5,923,463	$2,988,470	$3,081,848
Cash and Cash Equivalents with Segregated Accounts	132,013	0	0
Cash and Cash Equivalents with Fiscal Agents	0	90,406	0
Total Assets	$6,055,476	$3,078,876	$3,081,848
Fund Balances			
Restricted	$0	$3,078,876	$3,081,848
Committed	0	0	0
Assigned	2,985,995	0	0
Unassigned	3,069,481	0	0
Total Fund Balances	$6,055,476	$3,078,876	$3,081,848

See accompanying notes to the basic financial statements

Adult Detention Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
$1,312,305	$8,645,801	$21,951,887
0	427,120	559,133
0	0	90,406
$1,312,305	$9,072,921	$22,601,426
$1,312,305	$8,904,450	$16,377,479
0	168,471	168,471
0	0	2,985,995
0	0	3,069,481
$1,312,305	$9,072,921	$22,601,426

Fayette County, Ohio

Statement of Cash Receipts, Disbursements, and Changes
in Cash Basis Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund
Receipts			
Property Taxes	$2,157,034	$2,443,778	$0
Sales Tax	8,047,855	0	351,611
Charges for Services	1,883,649	134,034	285,022
Licenses and Permits	3,964	0	0
Fines and Forfeitures	145,576	0	25,814
Intergovernmental	1,511,263	1,143,076	5,604,467
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	0
Earnings on Investments	601,571	0	64,846
Contributions and Donations	0	2,025	0
Other	830,315	38,105	27,462
Total Receipts	15,181,227	3,761,018	6,359,222
Disbursements			
Current:			
General Government:			
Legislative and Executive	4,386,711	0	0
Judicial	1,973,910	0	0
Public Safety	3,936,172	0	0
Public Works	805,316	0	6,353,181
Health	153,253	3,144,433	0
Human Services	391,689	0	0
Conservation and Recreation	785,500	0	0
Economic Development and Assistance	0	0	0
Urban Redevelopment and Housing	399,139	0	0
Capital Outlay	312,732	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Disbursements	13,144,422	3,144,433	6,353,181
Excess of Receipts Over (Under) Disbursements	2,036,805	616,585	6,041
Other Financing Sources (Uses)			
Proceeds of Loans	0	0	0
Special Assessment Bonds Issued	0	0	0
Transfers In	0	0	59,000
Transfers Out	(3,231,727)	0	0
Advances In	106,169	0	0
Advances Out	(133,866)	0	0
Total Other Financing Sources (Uses)	(3,259,424)	0	59,000
Net Change in Fund Balances	(1,222,619)	616,585	65,041
Fund Balances Beginning of Year - Restated See Note 19	7,278,095	2,462,291	3,016,807
Fund Balances End of Year	$6,055,476	$3,078,876	$3,081,848

See accompanying notes to the basic financial statements

Adult Detention Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
$0	$1,264,776	$5,865,588
0	0	8,399,466
0	1,388,801	3,691,506
0	8,800	12,764
0	160,922	332,312
0	6,131,808	14,390,614
0	3,245	3,245
0	141,171	141,171
0	1,071	667,488
0	86,808	88,833
0	1,408,902	2,304,784
0	10,596,304	35,897,771
0	1,060,563	5,447,274
0	469,707	2,443,617
0	960,539	4,896,711
0	186,929	7,345,426
0	419,703	3,717,389
0	6,230,796	6,622,485
0	67,425	852,925
0	390,793	390,793
0	4,317	403,456
4,619,539	528,681	5,460,952
0	352,923	352,923
0	29,578	29,578
4,619,539	10,701,954	37,963,529
(4,619,539)	(105,650)	(2,065,758)
0	95,282	95,282
4,755,603	0	4,755,603
1,176,241	2,199,514	3,434,755
0	(203,028)	(3,434,755)
92,649	57,217	256,035
(92,649)	(29,520)	(256,035)
5,931,844	2,119,465	4,850,885
1,312,305	2,013,815	2,785,127
0	7,059,106	19,816,299
$1,312,305	$9,072,921	$22,601,426

Fayette County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$2,204,000	$2,165,290	$2,165,290	$0
Sales Tax	7,700,000	8,047,855	8,047,855	0
Charges for Services	1,641,005	1,628,554	1,628,554	0
Licenses and Permits	1,850	1,740	1,740	0
Fines and Forfeitures	148,584	145,883	145,883	0
Intergovernmental	884,589	1,498,936	1,498,936	0
Earnings on Investments	316,850	601,559	601,559	0
Other	604,186	804,073	804,073	0
Total Receipts	13,501,064	14,893,890	14,893,890	0
Disbursements				
Current:				
General Government				
Legislative and Executive	3,998,668	4,619,900	4,412,322	207,578
Judicial	2,165,108	2,306,571	2,019,920	286,651
Public Safety	3,770,124	3,918,402	3,868,185	50,217
Public Works	1,003,170	890,860	843,624	47,236
Health	214,882	203,974	163,548	40,426
Human Services	414,437	414,437	409,661	4,776
Conservation and Recreation	799,980	817,731	789,534	28,197
Urban Redevelopment and Housing	419,432	429,432	399,019	30,413
Capital Outlay	348,733	905,547	353,435	552,112
Total Disbursements	13,134,534	14,506,854	13,259,248	1,247,606
Excess of Receipts Over Disbursements	366,530	387,036	1,634,642	1,247,606
Other Financing Sources (Uses)				
Transfers In	200,000	248,278	248,278	0
Transfers Out	(3,445,901)	(3,516,180)	(3,231,728)	284,452
Advances In	70,000	106,169	106,169	0
Advances Out	0	(133,866)	(133,866)	0
Total Other Financing Sources (Uses)	(3,175,901)	(3,295,599)	(3,011,147)	284,452
Net Change in Fund Balance	(2,809,371)	(2,908,563)	(1,376,505)	1,532,058
Fund Balance Beginning of Year	5,638,583	5,638,583	5,638,583	0
Prior Year Encumbrances Appropriated	541,448	541,448	541,448	0
Fund Balance End of Year	$3,370,660	$3,271,468	$4,803,526	$1,532,058

See accompanying notes to the basic financial statements

Fayette County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
County Board of Developmental Disabilities Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$2,312,906	$2,452,099	$2,452,099	$0
Charges for Services	265,750	134,034	134,034	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	744,438	1,143,076	1,143,076	0
Contributions and Donations	0	2,025	2,025	0
Other	0	38,105	38,105	0
Total Receipts	3,323,094	3,769,339	3,769,339	0
Disbursements				
Health	3,332,610	3,390,284	3,143,894	246,390
Net Change in Fund Balance	(9,516)	379,055	625,445	246,390
Fund Balance Beginning of Year	2,304,624	2,304,624	2,304,624	0
Fund Balance End of Year	$2,295,108	$2,683,679	$2,930,069	$246,390

See accompanying notes to the basic financial statements

Fayette County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
Motor Vehicle Gas Tax Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	Positive (Negative)
Receipts				
Sales Tax	$342,845	$351,611	$351,611	$0
Charges for Services	342,200	285,022	285,022	0
Fines and Forfeitures	25,000	25,814	25,814	0
Intergovernmental	3,525,000	5,604,467	5,604,467	0
Earnings on Investments	7,000	64,846	64,846	0
Other	1,500	27,462	27,462	0
Total Receipts	4,243,545	6,359,222	6,359,222	0
Disbursements				
Public Works	4,720,563	7,028,606	6,871,579	157,027
Excess of Receipts Under Disbursements	(477,018)	(669,384)	(512,357)	157,027
Other Financing Sources				
Transfers In	59,000	59,000	59,000	0
Net Change in Fund Balance	(418,018)	(610,384)	(453,357)	157,027
Fund Balance Beginning of Year	2,461,878	2,461,878	2,461,878	0
Prior Year Encumbrances Appropriated	540,932	540,932	540,932	0
Fund Balance End of Year	$2,584,792	$2,392,426	$2,549,453	$157,027

See accompanying notes to the basic financial statements

Fayette County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2019

	Water District Revenue Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$1,984,022	$998,918	$2,982,940
Net Position			
Unrestricted	$1,984,022	$998,918	$2,982,940

See accompanying notes to the basic financial statements

Fayette County, Ohio

Statement of Cash Receipts, Disbursements, and Changes
in Fund Net Position - Proprietary Funds
For the Year Ended December 31, 2019

	Water District Revenue Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating Receipts			
Charges for Services	$960,012	$1,460,958	$2,420,970
Other	0	15,519	15,519
Total Operating Receipts	960,012	1,476,477	2,436,489
Operating Disbursements			
Personal Services	169,990	347,741	517,731
Contract Services	182,763	596,995	779,758
Materials and Supplies	24,887	49,754	74,641
Other Operating	36,850	170,670	207,520
Capital Outlay	387,053	139,845	526,898
Total Operating Disbursements	801,543	1,305,005	2,106,548
Operating Income	158,469	171,472	329,941
Non-Operating Receipts (Disbursements)			
Intergovernmental	184,904	0	184,904
Principal Retirement	(505,539)	(147,222)	(652,761)
Interest and Fiscal Charges	(76,792)	(33,205)	(109,997)
Total Non-Operating Receipts (Disbursements)	(397,427)	(180,427)	(577,854)
Change in Net Position	(238,958)	(8,955)	(247,913)
Net Position Beginning of Year - Restated See Note 19	2,222,980	1,007,873	3,230,853
Net Position End of Year	$1,984,022	$998,918	$2,982,940

See accompanying notes to the basic financial statements

Fayette County, Ohio

Statement of Fiduciary Net Position - Cash Basis

Custodial Funds

December 31, 2019

	Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	$3,545,235
Equity in Cash in Segregated Accounts	441,122
Total Assets	$3,986,357
Net Position	
Restricted for Individuals, Organizations, and Other Governments	$3,986,357

See accompanying notes to the basic financial statements

Fayette County, Ohio
Statement of Change in Fiduciary Net Position - Cash Basis
Custodial Funds
December 31, 2019

	Custodial
Additions	
Intergovernmental	$3,097,686
Amounts Received as Fiscal Agent	4,027,910
Licenses, Permits, and Fees for Other Governments	3,841,956
Fines and Forfeitures for Other Governments	239,018
Property Tax Collections for Other Governments	32,473,132
Sheriff Sales Collections for Others	609,058
Other	191,672
Total Additions	44,480,432
Deductions	
Distributions to the State of Ohio	3,926,184
Distributions of State Funds to Other Governments	3,088,351
Distributions to Other Governments	197,907
Distributions as Fiscal Agent	4,043,547
Property Tax Distributions to Other Governments	32,589,350
Sheriff Sales Distributions to Others	549,383
Distributions to Individuals	180,694
Total Deductions	44,575,416
Net Decrease in Fiduciary Net Position	(94,984)
Net Position Beginning of Year - Restated See Note 19	4,081,341
Net Position End of Year	$3,986,357

See accompanying notes to the basic financial statements

NOTE 1 - REPORTING ENTITY

Fayette County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The county operates under the direction of a three-member Board of County Commissioners. The County Auditor is responsible for the fiscal controls of the resources of the County which are maintained in the funds described herein. The County Treasurer is the custodian of funds and the investment officer. The voters of the County elect all of these officials. Other elected officials of the County that manage various segments of county operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecutor, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Judge. Services provided by the County include general government, public safety, health, public works, human services, conservation and recreation services, maintenance of highways and roads, economic development, and urban redevelopment and housing.

Although 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.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Fayette County, this includes the Fayette County Board of Developmental Disabilities, Fayette County Department of Jobs and Family Services, Fayette County Children Services Board, Fayette County Veterans' Services, Fayette County Commission On Aging, Fayette County Senior Nutrition, Fayette County Memorial Hospital, and all departments and activities that are directly operated by the elected County officials.

Fayette County provides services and/or subsidies to the District Board of Health, Soil and Water Conservation District, and Park District. These are separate reporting entities. The County Auditor is the fiscal agent for the District Board of Health, the Soil and Water Conservation District, and the Park District and the receipts and disbursements of these entities are accounted for in the Custodial Funds of the County.

Fayette County Memorial Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Fayette County Commissioners and Fayette County judges. The Hospital is considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County, and consequently, the Hospital's financial activity is not presented on the County's basic financial statements. Separately-issued financial statements can be obtained from Fayette County Memorial Hospital, 1430 Columbus Avenue, Washington Court House, Ohio 43160.

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

The Fayette County Land Reutilization Corporation (Land Bank) was formed on January 22, 2018 as a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724, to strengthen neighborhoods in the County by returning vacant and abandoned properties to productive use. The Land Bank has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property within the County. The Land Bank will assist and facilitate activities of governmental entities in assembling and clearing title to land for economic development purposes. The Land Bank is governed by a seven member Board of Directors, consisting of two County Commissioners, the County Treasurer, the County Auditor, one representative from the municipal corporation with the largest population (City of Washington Court House), and two representatives from Fayette County. The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, and the County is able to impose its will on the operation of the Lank Bank, the relationship between the County and the Land Bank is such that exclusion could cause the County's financial statements to be misleading. However, since no material financial activity has occurred, no financial information relating to the Land Bank is presented in the County's financial statements.

The County is associated with certain organizations which are defined as jointly governed organizations, joint ventures, or risk sharing pools. These organizations are:

Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services
South Central Regional Juvenile Detention Center
Fayette County Emergency Management Custodial
Ross, Pickaway, Highland, Fayette Counties Joint Solid Waste District
Travel and Tourism Bureau
West Central Ohio Port Authority
County Risk Sharing Authority, Inc.
Southern Ohio Council of Governments
County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan

Paint Valley Board of Alcohol, Drug Addiction, and Mental Health Services – The Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services (ADAMHS) of Pike, Fayette, Highland, Pickaway and Ross Counties is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the

County Commissioners of Pike, Fayette, Highland, Pickaway and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board received revenue from the participating counties and received federal and state funding through grant monies which are applied for and received by the Board of Trustees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Fayette County contributed $707,272 to Paint Valley ADAMHS in 2019.

Fayette County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Fayette County has no ongoing financial interest or responsibility. Complete financial statements can be obtained from the Paint Valley ADAMHS Board, Jim Nestor who serves as Finance Director, 394 Chestnut Street, Chillicothe, Ohio 45601.

South Central Regional Juvenile Detention Center – The South Central Regional Juvenile Detention Center (the Center) is a jointly governed organization. It was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member counties. The current members include Fayette, Pike, Pickaway, Ross, Jackson, Hocking, Athens, Vinton and Highland Counties. The Center's Board consists of one member from each participating county that is appointed by the Juvenile Court Judge or a County Commissioner from each county. The joint Board selects the superintendent as the Center's administrator. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

The Center's revenue is from per diem charges for inmates to the respective counties and a percent of the county tax base to the total base. Ross County is the fiscal agent of the Center. Fayette County does not have any financial interest or responsibility. During 2019, Fayette County contributed $273,019 to the Center.

Fayette County Emergency Management Agency – Fayette County Emergency Management Agency (EMA) is a joint venture between the County, Townships and Villages. The executive committee consists of a county commissioner, seven chief executives from municipalities and ten townships, with money provided by the members which is reimbursed by the State. The degree of control is limited to the individual representation on the board.

Ross, Pickaway, Highland, Fayette Counties Joint Solid Waste District – The Ross, Pickaway, Highland, Fayette Joint Solid Waste District (the District) is a jointly governed organization among Pickaway, Ross, Highland and Fayette Counties. Each of these governments supports the District. The County contributed $38,930 during 2019. The Board of Directors consists of twelve members, the three County Commissioners of each of the four counties. The District does not have any outstanding debt. The District is self-sufficient, operating entirely on collected fees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

Travel and Tourism Bureau – The Travel and Tourism Bureau (The Bureau) is a jointly governed organization among the City, two townships and two villages and one County. The Board is made up of six trustees, one from each of the following entities: Fayette County, Village of Jeffersonville, Jefferson Township, City of Washington Court House, Union Township and Octa Village. Trustees are elected on a self-nomination basis. Revenues to operate the Bureau are derived solely from the hotel/motel tax. There is currently no outstanding debt. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

West Central Ohio Port Authority – The West Central Ohio Port Authority is a jointly governed organization. It was established under Section 4582.21 of the Ohio Revised Code. Under the Revised Code, the Port Authority is a legally separate entity. The Board of the Authority is comprised of seven members: two members from Champaign County, three from Clark County, and two from Fayette County. The members are appointed by the County Commissioners of each respective county. Fayette County does not approve its budget, nor is it responsible for the Authority's debt. During 2019, the County did not contribute any money to the Authority. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

County Risk Sharing Authority, Inc. – The County Risk Sharing Authority, Inc., is a shared risk pool among sixty-six 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 official's errors and omissions liability insurance.

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA.

The participating counties have no responsibility for the payment of the certificates. The Certificates were retired on May 1, 1997. The County has no equity interest in CORSA. The County's payment for insurance to CORSA in 2019 was $181,629. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus. Ohio.

Southern Ohio Council of Governments – The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member board with each participating County represented by its Director of its Board of Development Disabilities (BDD). The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as a fiscal agent for the Athens County BDD's supportive living program monies. The County had a $90,406 balance on hand with the Council which included investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, 126 East 2nd Street, Suite C, Chillicothe, Ohio 45601.

County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan – The County is participating in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association of Ohio (CCOA) is a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees; fees for risk management services, and general management fees; determining ongoing responsibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and the treasurer of the CCAOSC; the remaining five members are elected for ensuing year by the participants at a meeting held in the month of December each year.

No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

Management believes the financial statements included in this report represent all of the funds and activities for which the County is financially accountable, except for Fayette Memorial Hospital.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Fund Accounting

The County uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The County classifies each fund as either governmental, proprietary, or fiduciary.

Governmental - 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. The following are the County's major governmental funds:

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

County Board of Developmental Disabilities Fund - This fund accounts for and reports monies restricted for providing assistance and training to mentally and developmentally disabled individuals, financed by a County-wide property tax levy and federal and state grants.

Motor Vehicle Gas Tax Fund - This fund accounts for and reports monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Adult Detention Construction Capital Project Fund - This fund is used to account for and report bond proceeds restricted for construction of the County's Adult Detention Center.

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

Proprietary Funds - The County classifies funds financed primarily from user charges for goods or services as proprietary. The proprietary fund is classified as an enterprise fund.

Water District Revenue Fund - This fund accounts for and reports monies used to provide water services to customers in the county.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The County does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. Custodial funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting (See Note 3). Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The County had chosen not to budget and appropriate for advances. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

Cash and Investments

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

The Southern Ohio Council of Governments is currently holding deposits that belong to the County. These are represented as “Cash and Cash Equivalents with Fiscal Agents” on the financial statements.

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 were $601,571, which includes $439,967 assigned from other County funds.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

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

Accumulated Leave

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

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 positon 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.

Long-term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash-basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally disabled, and activities of the County's courts. None of which is restricted by enabling legislation.

The County's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

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

Restricted

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

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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. State Statute authorizes the County Auditor to assign fund balance for purchases on order provided amounts have been lawfully appropriated.

The County Auditor assigned fund balance to cover a gap between estimated revenue and appropriations in the year 2020 appropriated budget.

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.

Interfund Transactions

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

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

NOTE 3 - COMPLIANCE

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net 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.

Contrary to Ohio Rev. Code Section 5705.39, the County's appropriations exceeded the amount certified as available by the budget commission in the Water District Revenue Fund by $86,696.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are the following:

1. Cash that is held by the Southern Ohio Council of Governments on behalf of the County Board of Developmental Disabilities Fund are reported on the cash basis.

2. Budgetary revenues and expenditures of the Police Rotary, Unclaimed Money '98 and Earlier, Unclaimed Money ACH, 3% BBS Fee Assessment, Certificate of Title Administration and Annexation Petition, and Wellness Program Special Revenue Funds are classified to the General Fund for GAAP reporting.

3. Encumbrances outstanding at year-end.

4. Custodial fund distributions to appropriate County Funds.

	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund
Cash Basis	($1,222,619)	$616,585	$65,041
Encumbrances	(197,509)	0	(518,905)
Custodial Activity	(11,443)	8,860	507
Revenues	248,278	0	0
Excess of revenues, and other financing sources (over) under expenditures and other financing uses:			
Police Rotary	8,785	0	0
Unclaimed Monies	(31,026)	0	0
Assessment Fees	53	0	0
Title Administration	(165,830)	0	0
Annexation Petition	(75)	0	0
Wellness Program	(5,119)	0	0
Budget Basis	($1,376,505)	$625,445	($453,357)

NOTE 5 – 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 with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government custodial or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal custodial securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided 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 the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts; in eligible institutions pursuant to ORC sections 135.32;

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above ; commercial paper as described in ORC section 135.143 (6);and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;

7. The State Treasurer’s investment pool (STAROhio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

9. Up to forty percent of the County’s average portfolio, if training requirements have been met in either of the following:

a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.

10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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

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

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

At year end, the County had $5,000 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

NOTE 6 – LONG-TERM DEBT

The County's long-term debt activity for the year ended December 31, 2019, was as follows:

	Interest Rate	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
County Building Improvement, 2000	2.00%	$395,000	$0	$130,000	$265,000	$135,000
Various Purpose Bonds:						
Commission On Aging, 2003	3.30%	79,000	0	13,000	66,000	16,000
West Lancaster Road, 2003	3.30%	134,000	0	25,000	109,000	25,000
County Buildings, 1999	5.35%	25,000	0	25,000	0	0
Total General Obligation Bonds		633,000	0	193,000	440,000	176,000
Governmental Activities						
Special Assessment Bonds:						
Clinton Avenue Phase II, 1999	5.30%	10,000	0	10,000	0	0
Other Long-Term Obligations:						
Direct Borrowings:						
West Lancaster Road OPWC Loan, 2003	0.00%	32,500	0	5,000	27,500	5,000
Rte. 22 Waterline Loan, 2004	6.25%	24,876	0	4,146	20,730	4,146
Med Flight Hanger, 2014	4.00%	20,758	0	20,758	0	0
Direct Placement:						
County Detention Facility Bond, Series 2019	3.50%	0	4,655,601	0	4,655,601	0
County Detention Facility Bond, Series 2019	3.50%	0	50,001	0	50,001	0
County Detention Facility Bond, Series 2019	3.50%	0	50,001	0	50,001	0
Total Other Long-Term Obligations		78,134	4,755,603	29,904	4,803,833	9,146
Total Governmental Activities Long-Term Obligations		$721,134	$4,755,603	$232,904	$5,243,833	$185,146
Business Type Activities:						
General Obligation Bonds:						
Refunding Bonds						
Rattlesnake Sewer WWTP, 1999	5.20%	$835,000	$0	$125,000	$710,000	$130,000
OWDA Loans from Direct Borrowings:						
Madison Mills Water, 2006	3.00%	2,685,184	0	505,539	2,179,645	520,819
Good Hope Sewer, 2011	0.00%	333,326	0	22,222	311,104	22,222
Total OWDA Loans from Direct Borrowings		3,018,510	0	527,761	2,490,749	543,041
Total Business Type Long-Term Obligations		$3,853,510	$0	$652,761	$3,200,749	$673,041

Future Annual Debt Service Requirements

	Governmental Activities				
			From Direct Borrowings		
			OPWC		
	General Obligation Bonds		Loans	Long-Term Notes	
2020	$176,000	$16,201	$5,000	$4,146	$1,251
2021	172,000	10,265	5,000	4,146	985
2022	45,000	4,370	5,000	4,146	722
2023	47,000	2,233	5,000	4,146	460
2024	0	0	5,000	4,146	198
2025	0	0	2,500	0	0
Total	$440,000	$33,069	$27,500	$20,730	$3,616

	Business Type Activities			
			From Direct Borrowing	
	General Obligation Bonds		OWDA Loans	
Year	Principal	Interest	Principal	Interest
2020	$130,000	$28,893	$543,041	$61,512
2021	135,000	23,888	558,783	45,771
2022	140,000	18,690	575,000	29,553
2023	150,000	12,810	591,708	12,845
2024	155,000	6,510	22,222	0
2025-2029	0	0	111,109	0
2030-2034	0	0	88,886	0
Total	$710,000	$90,791	$2,490,749	$149,681

The County also has two loans from the Ohio Rotary Commission totaling $387,593. These loans are not due until the property is sold.

2000 Fayette County Administration Building Rehab

On July 17, 2000 Bonds were issued in the amount of $1,945,000 for the purpose of remodeling, restoring and upgrading all systems of the building located at 133 S. Main Street, purchased in 1999. The building is to be used for office space for all County Offices not court-related. General Obligation debt to mature December 1, 2021. In 2012 debt was refunded in the amount of $1,240,000 with the same maturity date.

2003 Commission on Aging Building Addition

On December 1, 2003 Bonds were issued to fund the building addition to the Fayette County Commission on Aging Building in the amount of $225,000. Payments to be made through the Commission on Aging from the proceeds of a bequest left to the custodial. Maturity date of December 1, 2023.

2003 West Lancaster Road Relocation

On December 22, 2003 debt was issued in the amount of $400,000 for the relocation and construction of West Lancaster Road in the Village of Octa. General Obligation debt with a maturity date of December 1, 2023.

1999 Purchase of Office Building
On August 25, 1999 issued $300,000 in Bonds for the purpose of purchasing building known as "Main Street Mall' for the purpose of providing office space for County Administration. In 2009 debt was refunded in the amount of $230,000, with same maturity date. These bonds were paid off in 2019.

1999 Clinton Avenue Phase II
On August 25, 1999 issued $70,000 for completion of sewer line extension on Clinton Avenue for economic development. In 2009 debt was refunded in the amount of $55,000 with same maturity date. These bonds were paid off in 2019.

2003 West Lancaster Road Relocation
On July 1, 2003 an interest-free direct borrowing was obtained through OPWC in the amount of $100,000 for part of the relocation and construction of West Lancaster Road in the Village of Octa. General Obligation debt with a maturity date of January 1, 2025. In the event of default OPWC may (1) apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over the Attorney General's Office for collection, and as provided by law, OPWC may require that such payments be taken from the County's share of the undivided local government fund, and the outstanding amounts shall, and (3) at OPWC's option, become immediately due and payable.

2004 Route 22 Waterline
On August 23, 2004 a loan in the amount of $82,920.14 was obtained through the Ohio Water and Sewer Rotary Commission to extend a water line to a housing development. Paid by Special Assessment from Sugar Creek Packing with a maturity date of December 1, 2024. This loan is a direct borrowing with a late payment penalty of five percent of the payment due with a $20 minimum charge.

2014 Med Flight Hangar
On December 1, 2014 a loan was obtained for the purpose of building a hangar to be located near the Job Ready Site for the use of Med Flight. The loan was in the amount of $96,000 and will be paid from the rental received from Med Flight. This loan is a direct borrowing and in the event of a default the lender may accelerate payment of the entire principal and other amounts to become immediately due and payable. This loan was paid off in 2019.

2019 County Detention Facility
On July 15, 2019 the County issued three Bonds with United States Department of Agriculture, Rural Housing Service (USDA) for the construction of a new Detention Facility. The Bonds were issued in the amount of $9,500,000, $6,500,000, and $4,000,000, respectively. During the year, the County received bond proceeds of $4,655,601, $50,001 and $50,001, respectively. The bonds were directly placed with the United States Government. In the event of a default the lender may (1) accelerate payment of the entire principal and other amounts to become immediately due and payable, (2) make the County pay reasonable expenses to cure the cause of default, and (3) take possession of the facility and operate/rent it. These bonds will be paid from the Debt Service Fund. A final amortization schedule is not available at this time.

1999 Rattlesnake Waste Water Treatment Plant
On August 25, 1999 issued $2,130,000 for construction of Rattlesnake Waste Water Treatment Plant. Paid from fees collected through Enterprise fund with a maturity date of December 1, 2024. In 2009 debt was refunded in the amount of $1,860,000 with the same maturity date.

<u>2006 Madison Mills Water</u>
On September 18, 2006 a loan in the amount of $4,998,920 was obtained through OWDA to construct, maintain and operate a water project for the benefit of an ethanol plant which was part of an economic development initiative. Paid from water revenue enterprise funds fees collected from the plant with a maturity date of January 1, 2024.

<u>2011 Good Hope Sewer</u>
On August 8, 2011 a loan in the amount of $444,435 was obtained through OWDA to install a sanitary sewer system in the unincorporated avenue of Good Hope. This loan will be repaid by user service charges and has a maturity date of January 1, 2034.

The County's outstanding OWDA loans from direct borrowings of $2,490,749 related to business-type activities contain provisions that in an event of default (1) the amount of any such default shall bear interest at the default rate from the due date until the date of payment, (2) for each additional 30 days during which the charges remain unpaid, the County shall continue to pay and additional ate charge of 1percent on the default amount until such charges are paid, and (3) any cost incurred by OPWC to cure the default will be paid by the County either as a direct charge or as part of the project principal amount.

NOTE 7 – SHORT-TERM DEBT

A summary of the note transactions for the year ended December 31, 2019, follows:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019
Short-Term Liabilities:				
Morgan Group Drainage	$25,409	$22,954	$25,409	$22,954
Marchant Ditch	2,560	1,519	2,560	1,519
Ander Drainage Ditch	92,050	70,809	92,050	70,809
Total Short-Term Liabilities	$120,019	$95,282	$120,019	$95,282

All short-term debt consists of Ditch Improvement notes. They are paid from Special Assessments collected through Real Estate assessments. Interest is paid and any remaining collections are applied to principal. The County's outstanding short-term notes from direct borrowings contain a provision that in the event of a late payment being over 10 days past due, the County will be charge a $150 fee. In the event of a default the lender may (1) increase the interest rate by three percent but not to exceed the maximum interest rate limitations under applicable law, (2) accelerate payment of the entire principal and accrued unpaid interest immediately due, and (3) pay any costs associated with curing the default.

NOTE 8 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2019, was $10.17 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	$685,521,760
Commercial/Industrial:	
Public Utility Property	182,403,490
Total Assessed Value	$867,925,250

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

NOTE 9 - COUNTY SALES TAX

The County Commissioners, by resolution, imposed a one and one half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of sales tax is 95.81 percent to the County's General Fund and 4.19 percent to the Motor Vehicle Gas Tax Fund. Vendor collections of the tax are paid to the State Treasurer by the Twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the 20^{th} day of the month in which certification is made, provide for payment to the County.

Proceeds of the tax are credited to the General Fund and the Motor Vehicle and Gas Tax Special Revenue Fund. Permissive Sales and Use tax revenue for 2019 amounted to $8,399,466.

NOTE 10 – TAX ABATEMENT DISCLOSURE

The County provides tax abatements through the Community Reinvestment Area (CRA) Tax Abatements Program. Pursuant to Ohio Revised Code Chapter 5709, the County established a Community Reinvestment Area to provide property tax abatements to encourage revitalization of existing buildings and the construction of new structures. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's tax bill.

For 2019, the County's property tax revenue was reduced $36,650 as a result of this CRA tax abatement program.

NOTE 11 - RISK MANAGEMENT

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

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

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has $5,000,000 of total liability coverage. The limit applies to any one occurrence of loss, with no annual aggregate except for the Error and Omissions for Public Officials and General Liability on Products and Completed Operations Limit, which both have the same per occurrence and annual aggregate limit. For the General Liability (coverage other than products and completed operations limit), Law Enforcement and Auto Liability, there is no annual aggregate. Property damage is on a replacement cost basis.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in coverage from last year.

Employee, dishonesty, money and securities inside and out, money orders and counterfeit, and depositor's forgery are covered in the amount of $1,000,000 aggregate.

In 2019, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Plan (CCAO). A workers' compensation group purchasing pool (See Note 1). The intent of the CCAO is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAO. Each participant pays its workers' compensation premium to the State based on the rate for the CCAO rather than its individual rate.

In order to allocate the savings derived by formation of the CCAO and to maximize the number of participants in the CCAO, annually the CCAO's executive committee calculates the total savings which accrued to the CCAO through its formation. This savings is then compared to the overall savings percentage of the CCAO. The CCAO's executive committee then collects rate contributions from, or pays equalization rebates to the various participants. Participation in the CCAO is limited to counties that can meet the CCAO's selection criteria. The firm of CompManagement Inc. provides administrative cost control and actuarial services to the CCAO. Each year, the County pays an enrollment fee to the CCAO to cover the cost of administering the CCAO.

The County may withdraw from the CCAO if written notice is provided sixty days prior to the prescribed applicant deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the CCAO prior to withdrawal, and any participant leaving the CCAO allows representatives of the CCAO to access loss experience for four years following the last year of participation.

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 healthcare to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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. 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 CAFR 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 and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	**Combined Plan Formula:**	**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	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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
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.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the 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 retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 percent 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), 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.

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

	State and Local	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2019 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	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.

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

For 2019, the County's contractually required contribution was $1,612,185 for the traditional plan, $13,052 for the combined plan and $20,905 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 32 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was $35,804 for 2019.

Pension Liability

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The STRS' net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the County's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.08234800%	0.02144600%	0.00264475%	
Prior Measurement Date	0.08169200%	0.02827700%	0.00295198%	
Change in Proportionate Share	0.00065600%	-0.00683100%	-0.00030723%	
Proportionate Share of the:				
Net Pension Liability	$22,553,448	$0	$581,521	$23,134,969
Net Pension Asset	0	23,981	0	23,981

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, 2018, 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, 2018, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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

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

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

During 2018, 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 for 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 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate

For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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 County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$33,318,001	$22,553,448	$13,608,007
OPERS Combined Plan	(7,935)	(23,981)	(35,600)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.0 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	$849,235	$581,521	$354,938

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 12 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, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority 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, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $871 for 2019.

Plan Description – State Teachers Retirement System of Ohio (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS' total OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.078786%	0.00264475%	
Prior Measurement Date	0.078250%	0.00295198%	
Change in Proportionate Share	0.0005360%	-0.00030723%	
Proportionate Share of the Net			
Net OPEB Liability	$10,271,835	$0	$10,271,835
Net OPEB Asset	$0	$42,498	$42,498

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, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was be effective for the 2018 valuation.

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

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

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

During 2018, 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 5.6 percent for 2018.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate

A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's proportionate share of the net OPEB liability	$13,141,505	$10,271,835	$7,989,688

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

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$9,873,462	$10,271,835	$10,730,653

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

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

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

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

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1 % Increase (8.45%)
County's proportionate share of the net OPEB asset	($36,425)	($42,498)	($47,603)

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	($47,315)	($42,498)	($37,607)

NOTE 14 - CONTINGENT LIABILITIES

Litigation

The County is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

Federal and State Grants

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

NOTE 15- LANDFILL CLOSURE AND POST CLOSURE CARE

During 1993, the County stopped receiving refuse in its public landfill. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Ohio Environmental Protection Custodial officially certified the closure of the landfill in 1993. Any remaining costs associated with the closure of the landfill were paid during 1995.
State and federal laws and regulations require the County to provide financial assurance for the landfill closure and post closure care costs. The County has complied with the requirement by issuing a $400,000 Landfill Improvement bond in May of 1996 to construct certain landfill improvements associated with post-closure activity. These proceeds have been receipted into the Sanitary Revenue Waste Enterprise Fund.

Currently, the County contracts with a private collection service to handle the solid waste collection and disposal activities for the County at another landfill site.

NOTE 16 – FUND BALANCES

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

Fund Balances	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund	Adult Detention Construction Fund	Nonmajor Governmental Funds	Total
Restricted for:						
Legislative and Executive	$0	$0	$0	$0	$959,094	$959,094
Judicial	0	0	0	0	1,028,265	1,028,265
Public Safety	0	0	0	0	1,652,055	1,652,055
Public Works	0	0	3,081,848	0	140,018	3,221,866
Health	0	3,078,876	0	0	211,380	3,290,256
Human Services	0	0	0	0	1,656,968	1,656,968
Conservation and Recreation	0	0	0	0	308,865	308,865
Economic Development	0	0	0	0	7,124	7,124
Urban Redvelopment	0	0	0	0	201,413	201,413
Debt Services	0	0	0	0	1,495,848	1,495,848
Capital Projects	0	0	0	1,312,305	1,243,420	2,555,725
Total Restricted	$0	$3,078,876	$3,081,848	$1,312,305	$8,904,450	$16,377,479

(continued)

Fund Balances	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund	Adult Detention Construction Fund	Nonmajor Governmental Funds	Total
Committed to:						
General Drainage Improvements	$0	$0	$0	$0	$168,471	$168,471
Assigned to:						
Purchases on Order	202,641	0	0	0	0	202,641
Future Appropriations	2,783,354	0	0	0	0	2,783,354
Total Assigned	2,985,995	0	0	0	0	2,985,995
Unassigned:	3,069,481	0	0	0	0	3,069,481
Total Fund Balances	$6,055,476	$3,078,876	$3,081,848	$1,312,305	$9,072,921	$22,601,426

NOTE 17 – INTERFUND TRANSACTIONS

Interfund Transfers

During 2019, the following interfund transfers were made:

Transfer To	Transfer From: General Fund	Transfer From: Nonmajor Governmental Funds	Transfer From: Total
Motor Vehicle Gas Tax Fund	$59,000	$0	$59,000
Adult Detention Construction Fund	1,176,241	0	1,176,241
Nonmajor Governmental Funds	1,996,486	203,028	2,199,514
Total All Funds	$3,231,727	$203,028	$3,434,755

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers between non-major governmental funds were for the purpose of supporting like-kind activities as well as to cover debt payments made from debt service funds.

<u>Interfund Advances</u>

During 2019, the following advances were made:

		Advances Out		
		General Fund	Nonmajor Governmental Funds	Total
Advances In	General Fund	$0	$106,169	$106,169
	Adult Detention Construction Fund	92,649	0	92,649
	Nonmajor Governmental Funds	41,217	16,000	57,217
	Total All Funds	$133,866	$122,169	$256,035

Advances were made from the General Fund to various funds to subsidize operations until anticipated revenues were received. Advances were also made between related non-major special revenue and capital project funds to support projects or operations until anticipated funding is received.

<u>NOTE 18 – SIGNIFICANT COMMITMENTS</u>

<u>Encumbrances</u>

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$197,509
Motor Vehicle Gas Tax Fund	518,905
Nonmajor Governmental Funds	1,435,461
Total Governmental Funds	2,151,875
Nonmajor Enterprise Funds	184,673
Total	$2,336,548

<u>NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCES AND NET POSITION</u>

Change in Accounting Principles

For 2019, the County implemented GASB Statement No. 84, *Fiduciary Activities* and Implementation Guide No. 2019-2, *Fiduciary Activities.* GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the County's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2019:

	Governmental Funds				
	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund	Non-major Governmental Funds	Total
Fund Balances, December 31, 2018	$6,642,367	$2,395,030	$3,002,810	$6,587,307	$18,627,514
Adjustments: GASB 84	635,728	67,261	13,997	471,799	1,188,785
Restated Fund Balances, December 31, 2018	$7,278,095	$2,462,291	$3,016,807	$7,059,106	$19,816,299

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2019:

	Business-Type Activities		
	Water District Revenue Fund	Non-major Enterprise Funds	Total Enterprise Funds
Net Position December 31, 2018	$2,220,988	$1,004,228	$3,225,216
Adjustments: GASB 84	1,992	3,645	5,637
Restated Net Position December 31, 2018	$2,222,980	$1,007,873	$3,230,853

	Governmental Activities	Business-Type Activities
Net Position December 31, 2018	$18,627,514	$3,225,216
Adjustments: GASB 84	1,188,785	5,637
Restated Net Position December 31, 2018	$19,816,299	$3,230,853

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of December 31, 2019:

	Fiduciary Funds
	Custodial
Net Position December 31, 2018	$5,275,763
Adjustments:	
GASB 84	(1,194,422)
Restated Net Position December 31, 2018	$4,081,341

NOTE 20 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plans 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 additional recovery from emergency funding, either federal or state, cannot be estimated.

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FAYETTE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass Through Grantor Program Title:	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct from Federal government			
Community Facilities Loans and Grants	N/A	10.766	4,587,221
Passed Through the Ohio Department of Jobs and Family Services:			
Job and Family Services			
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-1819-11-5735 G-2021-11-5922	10.561	285,506
Total Supplemental Nutrition Assistance Program Cluster			**285,506**
Total U.S. Department of Agriculture			**4,872,727**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Developmental disabilities:			
Board of Developmental Disabilities			
Social Services Block Grant - Title XX	N/A	93.667	21,444
Passed Through Ohio Department of Job and Family Services:			
Job and Family Services			
Social Services Block Grant - Title XX	G-1819-11-5735 G-2021-11-5922	93.667	264,626
Total CFDA Number 93.667			**286,070**
Passed Through Ohio Department of Aging:			
MIPPA/LIS	N/A	93.071	560
Total CFDA Number 93.071			**560**
Passed Through Ohio Department of Developmental disabilities:			
Board of Developmental Disabilities			
Medical Assistance Program - Title XIX MAC	N/A	93.778	145,107
Passed Through Ohio Department of Aging:			
Passport	N/A	93.778	44,129
Passed Through Ohio Department of Job and Family Services:			
Job and Family Services			
Medical Assistance Program	G-1819-11-5735 G-2021-11-5922	93.778	413,648
Total Medicaid Cluster			**602,884**
Temporary Assistance for Needy Families - Independent Living	G-1819-11-5735 G-2021-11-5922	93.558	1,239
Temporary Assistance for Needy Families	G-1819-11-5735 G-2021-11-5922	93.558	- 451,766
Total TANF Cluster			**453,005**
Job and Family Services			
Quality Child Care	G-1819-11-5735 G-2021-11-5922	93.575	- 31,957
Total Child Care Development Fund Cluster			**31,957**
State Children Health Insurance Program	N/A	93.767	**2,288**
Total CFDA Number 93.767			
Job and Family Services			
Child Support	G-1819-11-5735 G-2021-11-5922	93.563	640,661
Total CFDA Number 93.563			**640,661**
Children's Services Board			
Stephanie Tubbs Jones Child Welfare Services Program	G-1819-11-5735	93.645	28,949
Stephanie Tubbs Jones Child Welfare Services Program	G-1819-11-5735	93.645	1,428
Total CFDA Number 93.645			**30,377**

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Chafee Foster Care Independence Program	G-1819-11-5735	93.674	774
Total CFDA Number 93.674			**774**
Foster Care			
IV-E Admin and Training	G-1819-11-5735 G-2021-11-5922	93.658	456,275
Total CFDA Number 93.658			**456,275**
Adoption Assistance Program			
Adoption Assistance	G-1819-11-5735 G-2021-11-5922	93.659	129,416
Total CFDA Number 93.659			**129,416**
Promoting Safe and Stable Families	G-2021-11-5922	93.556	11,556
Promoting Safe and Stable Families	G-2021-11-5922	93.556	40,143
Total CFDA Number 93.556			**51,699**
Passed Through Ohio Department of Developmental disabilities:			
Help Me Grow	H181A170024	84.181	23,323
Help Me Grow	H181A180024	84.181	24,005
Total CFDA Number 84.181			**47,328**
Passed Through Ohio Department of Aging:			
Special Programs for the Aging - Nutrition - Title III-B	EL009909	93.044	12,545.00
Special Programs for the Aging - Nutrition - Title III-C	EL009909	93.045	77,654.00
Total Aging Cluster			**90,199**
Low-Income Home Energy Assistance Program	ED039817	93.568	2,850
Passed Through Public Children Services Association of Ohio			
State Opiod Response Grant	T1081684-01	93.788	8,045
Total U.S. Department of Health and Human Services			**2,834,388**
U.S. DEPARTMENT OF DEFENSE			
Direct Grant			
Culpepper Area Water System Project	CS575	12.118	283,148
Total U.S. Department of Defense			**283,148**
U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Ohio Department of Development			
State Community Development Block Grant (CDBG) Program Community Housing Impact and Preservation Program	B-C-17-1AW-1	14.228	195,756
State Community Development Block Grant (CDBG) Program	B-F-17-1AW-1	14.228	4,500
Total CFDA Number 14.228			**200,256**
Home Investment Partnership Program	B-C-17-1AW-2	14.239	**186,930**
Total CFDA Number 14.239			
Total U.S. Department of Housing and Urban Development			**387,186**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
Special Education Preschool -Restoration	N/A	84.173	671
Special Education - Preschool Grant	N/A	84.173	12,817
Total CFDA Number 84.173			13,488
Special Education - IDEA-B Restoration	N/A	84.027	13,005
Special Education - IDEA-B	N/A	84.027	16,417
Total CFDA Number 84.027			29,422
Total Special Education Cluster			**42,910**
Total U.S. Department of Education			**42,910**

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

U.S. DEAPARTMENT OF JUSTICE			
Passed Through the Public Children Services Association of Ohio:			
Victim of Crime - VOCA	N/A	16.575	2,998
Passed Through the Office of Community Oriented Policing Services:			
Crime Victims Fund	2019-VOCA-132136216	16.575	70,842
Crime Victims Fund	2020-VOCA-132921285	16.575	19,147
Total CFDA Number 16.575			92,987
Total US Department of Justice			**92,987**
FEDERAL AGENCY DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Ohio Emergency Management Agency			
Hazard Mitigation	HMGP DR-4360	97.039	1,286
FY2018 Emergency Management Performance Grant	EMC-2018-EP-00008-S01	97.042	11,210
FY2019 Emergency Management Performance Grant	EMC-2019-EP-00005	97.042	14,612
Total CFDA Number 97.042			25,822
Total Federal Agency Department of Homeland Security			**27,108**
U.S. DEPARTMENT OF LABOR			
Passed Through the Ohio Department of Job and Family Services			
Workforce Investment and Opportunity Act Cluster:			
Workforce Investment Act - Adult	N/A	17.258	40,849
Total CFDA Number 17.258			**40,849**
Workforce Investment Act - Youth	N/A	17.259	50,730
Total CFDA Number 17.259			**50,730**
Workforce Investment Act - Dislocated Workers		17.278	64,893
Total CFDA Number 17.278			**64,893**
Total WIA Cluster			**156,472**
Employment Service Cluster:			
One Stop Resource Sharing	N/A	**17.207**	16,639
OMJ Resource Sharing	N/A	**17.245**	2,631
Total Employment Service Cluster			**19,270**
Total U.S. Department of Labor			**175,742**
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Ohio Department of Transportation			
Highway Planning and Construction Cluster			
Washington Waterloo Roadway Improvements	PID #99920	20.205	1,156,220
CEAO Load Rating	PID #108424	20.205	1,500
Total Highway Planning and Construction Cluster			1,157,720
Total U.S. Department of Transportation			**1,157,720**
U.S. ELECTION ASSISTANCE COMMISSION			
Passed Through the Ohio Secretary of State:			
HAVA Election Security	3ASO	90.404	4,537
Total U.S. Election Assistance Commisssion			**4,537**
TOTAL FEDERAL ASSISTANCE			**9,878,453**

FAYETTE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fayette County (the Government's) under programs of the federal government for the year ended December 31, 2019. 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 Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Government.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - MATCHING REQUIREMENTS

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

NOTE E – Title XIX "Medical Assistance Program" Cost Report Settlement

During the calendar year, the Fayette County Board of Developmental Disabilities received a Cost Report notice of a liability for the 2015 and 2016 cost Report MAC settlements owed to the Ohio Department of Developmental Disabilities for the Medicaid program (CFDA #93.778) in the amount of $5,776.70 and $8,235.64 respectively. The Cost Report MAC liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for the Medicaid Services. This liability is not listed on the County's Schedule of Expenditures of Federal Award since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

NOTE F – PRIOR YEAR FEDERAL SCHEDULE

The following grant was not disclosed in the previous Federal Schedule; this was due to the grant agreement not being signed until March 18, 2019. The request for reimbursement was made as noted below:

Community Facilities Loans and Grants, – CFDA # 10.766

2017 - $168,382

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*

Fayette County
133 South Main Street
Washington Court House, Ohio 43160

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Fayette County, (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 9, 2020, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We issued an adverse opinion on business type activities and related major enterprise fund because the County's cash basis financial statements do not include amounts related to the Fayette County Memorial Hospital. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County also adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities.*

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-002 and 2019-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-001 and 2019-004.

County*'s Response to Findings*

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

November 9, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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

Fayette County
133 South Main Street
Washington Court House, Ohio 43160

To the Board County Commissioners:

Report on Compliance for the Major Federal Program

We have audited Fayette County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Fayette County's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

November 9, 2020

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Business Type Activities- Adverse Enterprise Fund – Fayette County Memorial Hospital – Adverse All Others - Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Facilities Loans and Grants
(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 2019-001

Noncompliance

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

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

FINDING NUMBER 2019-001
(Continued)

The County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, 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 and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

Fayette County will continue to file our year-financial reports on a cash basis. This is done due to the high cost of converting to GAAP.

FINDING NUMBER 2019-002

Material Weakness

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.

Governmental Accounting Standards Board (GASB) Codification Section 2100 requires the County to report its County-owned Hospital (Fayette County Memorial Hospital) in the annual financial report as a major enterprise fund and as a business type activity in the entity-wide statements.

Management has not included the Fayette County Memorial Hospital financial statements in the Fayette County annual financial report, and we have therefore modified our opinion. We cannot reasonably determine the amount by which this departure would affect the assets, liabilities, net position, cash receipts and disbursements of the business type activities and the omitted major fund.

The County should include the Fayette County Memorial Hospital financial statements in the Fayette County annual financial report.

Officials' Response:

Fayette County will not bring this entity (Fayette Memorial Hospital) on as a component unit because we do not file GAAP.

FINDING NUMBER 2019-003

Material Weakness

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.

FINDING NUMBER 2019-003
(Continued)

AOS Bulletin 2011-004 provides guidance on GASB 54 and states that local governments preparing regulatory statements should implement both the fund balance classifications and the governmental fund type definitions. GASB 54 was codified in Section 1300. Governmental Accounting Standards Board (GASB) codification section 1300..106 provide that *capital projects* funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds.

The County did not have controls in place to ensure that required funds were properly presented on the financial statements. The County incorrectly presented the Construction and Demolition Expansion Fund (1426) as a Governmental Type Activities Capital Projects fund and should have presented the fund as a Business Type Activities Enterprise Capital Projects fund.

The County has corrected the financial statements to address the above presentation error.

The County should review the GASB codification section 1300 to determine how funds should be recorded on the financial statements.

Officials' Response:

Fayette County Auditor Staff and Commissioners Administrative Clerk have reviewed GASB codification section 1300 to determine how funds should be recorded on the financial statements.

FINDING NUMBER 2019-004

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission.

No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2019 the County's appropriations exceeded the amount certified as available by the budget commission in the Water District Revenue Fund by $86,696.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the County's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The County should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the County should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board to reduce the appropriations.

Officials' Response:

Fayette County Auditor Staff and Commissioners Administrative Clerk have reviewed policies and procedure assuring that appropriations will not exceed the expected revenue.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2CFR 200.511(b)
December 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	ORC 117.38, failure to file annual financial report on required accounting basis.	Not Corrected	
2018-002	Governmental Accounting Standards Board (GASB) Codification 2100, failure to report the County-owned Hospital and the County Land Reutilization Corporation, as a discretely presented component unit, in the annual financial report.	Not Corrected	

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DANA FOOR , Adm. Clerk

Fayette County Commissioners

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Phone (740) 335-0720 FAX (740) 333-3530

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2019

Finding Number:	2019-001
Planned Corrective Action:	Fayette County will continue to file our year-financial reports on a cash basis. This is done due to the high cost of converting to GAAP.
Anticipated Completion Date:	
Responsible Contact Person:	Fayette County Auditor

Finding Number:	2019-002
Planned Corrective Action:	Fayette County will not bring this entity (Fayette Memorial Hospital on as a component unit because we do not file GAAP.
Anticipated Completion Date:	
Responsible Contact Person:	Fayette County Auditor

Finding Number:	2019-003
Planned Corrective Action:	Fayette County Auditor staff and Commissioners Administrative Clerk have reviewed GASB codification section 1300 to determine how funds should be recorded on the financial statement.
Anticipated Completion Date:	10/26/2020
Responsible Contact Person:	Fayette County Auditor

Finding Number:	2019-004
Planned Corrective Action:	Fayette County Auditor Staff and Commissioners Administrative Clerk have reviewed policies and procedure assuring that appropriations will not exceed the expected revenue.
Anticipated Completion Date:	10/26/2020
Responsible Contact Person:	Fayette County Auditor

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OHIO AUDITOR OF STATE
KEITH FABER

FAYETTE 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 12/1/2020

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