

LAWRENCE COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

County Commissioners
Lawrence County
111 S. Fourth St.
Ironton, OH 45638

We have reviewed the *Independent Auditor's Report* of Lawrence County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lawrence County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 05, 2022

This page intentionally left blank.

LAWRENCE COUNTY

TABLE OF CONTENTS

Independent Auditor’s Report 1 - 2

Management’s Discussion and Analysis 4 -11

Basic Financial Statements:

 Government-Wide Financial Statements:

 Statement of Net Position - Cash Basis 12 - 13

 Statement of Activities - Cash Basis..... 14 - 15

 Fund Financial Statements:

 Statement of Assets and Fund Balances - Cash Basis - Governmental Funds 16

 Statement of Receipts, Disbursements and Changes in Fund Balances -

 Cash Basis - Governmental Funds..... 17

 Statement of Receipts, Disbursements and Changes in Fund Balance -

 Budget and Actual (Budget Basis) - General Fund..... 18

 Statement of Receipts, Disbursements and Changes in Fund Balance -

 Budget and Actual (Budget Basis) - Board of Developmental Disabilities Fund..... 19

 Statement of Receipts, Disbursements and Changes in Fund Balance -

 Budget and Actual (Budget Basis) – Job and Family Services Fund..... 20

 Statement of Receipts, Disbursements and Changes in Fund Balance -

 Budget and Actual (Budget Basis) - Motor Vehicle Gasoline Tax Fund..... 21

 Statement of Net Position - Cash Basis - Proprietary Fund..... 22

 Statement of Receipts, Disbursements and Changes

 in Fund Net Position - Cash Basis - Proprietary Fund..... 23

 Statement of Fiduciary Net Position - Cash Basis - Custodial Funds..... 24

 Statement of Changes in Fiduciary Net Position - Cash Basis - Custodial Funds..... 25

 Notes to the Basic Financial Statements 26 - 66

Supplementary Information:

 Schedule of Expenditures of Federal Awards..... 67 - 69

Independent Auditor’s Report on Internal Control Over Financial Reporting and on

Compliance and Other Matters Based on an Audit of Financial Statements

 Performed in Accordance with *Government Auditing Standards*..... 70 - 71

Independent Auditor’s Report on Compliance for Each Major Program and on

Internal Control Over Compliance Required by the Uniform Guidance 72 - 73

Schedule of Findings 2 *CFR* § 200.515 74 - 76

Summary Schedule of Prior Audit Findings 2 *CFR* § 200.511(b)..... 77 - 78

Corrective Action Plan 2 *CFR* § 200.511(c)..... 79

This page intentionally left blank.

Independent Auditor's Report

Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Lawrence County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lawrence County Port Authority, which represent 88.74 percent, 88.74 percent, and 78.48 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Lawrence County Port Authority, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Lawrence County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lawrence County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio, as of December 31, 2020, and the respective changes in cash basis financial position thereof and the respective budgetary comparisons for the general fund, board of developmental disabilities fund, job and family services fund, and the motor vehicle gasoline tax fund for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting

Ohio Administrative Code § 117-2-03(B) requires Lawrence 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 of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matters

As described in Note 21 to the financial statements, in 2020, Lawrence County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As described in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Lawrence County. Our opinions are not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lawrence County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Lawrence County's basic financial statements. The *management's discussion and analysis* listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of Lawrence County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lawrence County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawrence County's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
November 18, 2021

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

The discussion and analysis of Lawrence County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2020 within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements and notes to the basic financial statements.

Financial Highlights

Key financial highlights for 2020 are as follows:

Overall (Primary Government):

- Total net position increased \$9,898,332 with governmental activities increasing by \$9,589,977 and business-type activities increasing by \$308,355.
- Total cash receipts were \$60,665,930 in 2020.
- Total program cash disbursements were \$50,767,598 in 2020.

Governmental Activities:

- Total program cash receipts were \$31,839,275 in 2020, while program cash disbursements were \$46,515,842.
- Program cash disbursements were primarily composed of legislative and executive, judicial, public safety, public works, health, human services, and capital outlay, which were \$6,107,325, \$3,421,001, \$7,949,998, \$4,700,263, \$9,196,429, \$8,928,754, and \$4,693,416, respectively, in 2020.

Business-Type Activities:

- Total program cash receipts were \$3,015,686 for business-type activities, while corresponding cash disbursements were \$4,251,756.

Using this Basic Financial Report

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

The statement of net position-cash basis and statement of activities-cash basis provide information about the activities of the whole County, presenting both an aggregate view of the County's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Lawrence County, the general fund, the board of developmental disabilities fund, the job and family services fund, and the motor vehicle gasoline tax fund are the most significant governmental funds and have been presented as major governmental funds. The union-rome sewer fund is also considered a major enterprise fund.

Reporting the County as a Whole

The County's Reporting Entity Presentation

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

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Lawrence County. The component unit presentation includes the following separate legal entities: the Lawrence County Land Reutilization Corporation, the Lawrence County Port Authority, and the Lawrence County Transportation Improvement District.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader whether, for the County as a whole, the cash basis financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

- Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, community and economic development, other, capital outlay, intergovernmental, and debt service.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program is reported as business-type activities.
- Component Unit Activities – Although the Lawrence County Land Reutilization Corporation, the Lawrence County Port Authority and the Lawrence County Transportation Improvement District are separate legal entities, the County includes their activities since the County is financially accountable for these three entities.

Reporting the County's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the general fund, the board of developmental disabilities fund, the job and family services fund, and the motor vehicle gasoline tax fund. The County's most significant fund that has been presented as a major enterprise fund is the union-rome sewer fund.

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities due to transfers netted on the statement of activities. See note 2 to the basic financial statements entitled "government-wide financial statements".

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

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

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

The County as a Whole

Recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2020 compared to the prior year:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
Assets						
Equity in Pooled Cash and Cash Equivalents	\$33,736,137	\$24,351,726	\$2,019,607	\$1,968,511	\$35,755,744	\$26,320,237
Cash and Cash Equivalents In Segregated Accounts	205,566	0	257,259	0	462,825	0
<i>Total Assets</i>	<u>33,941,703</u>	<u>24,351,726</u>	<u>2,276,866</u>	<u>1,968,511</u>	<u>36,218,569</u>	<u>26,320,237</u>
Net Position						
Restricted	26,863,490	20,027,565	0	0	26,863,490	20,027,565
Unrestricted	7,078,213	4,324,161	2,276,866	1,968,511	9,355,079	6,292,672
<i>Total Net Position</i>	<u>\$33,941,703</u>	<u>\$24,351,726</u>	<u>\$2,276,866</u>	<u>\$1,968,511</u>	<u>\$36,218,569</u>	<u>\$26,320,237</u>

*Restated. See note 21 of the notes to the basic financial statements for additional information.

Total assets and net position increased by \$9,898,332 from 2019 to 2020, which will be further discussed below.

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Table 2 shows the changes in net position for 2020 and 2019.

Table 2
 Net Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
Receipts						
Program Cash Receipts						
Charges for Services and Sales	\$9,267,397	\$9,239,157	\$3,015,686	\$3,041,050	\$12,283,083	\$12,280,207
Operating Grants, Contributions, and Interest	19,602,993	16,931,198	0	0	19,602,993	16,931,198
Capital Grants, Contributions, and Interest	2,968,885	5,310,317	0	0	2,968,885	5,310,317
<i>Total Program Cash Receipts</i>	<i>31,839,275</i>	<i>31,480,672</i>	<i>3,015,686</i>	<i>3,041,050</i>	<i>34,854,961</i>	<i>34,521,722</i>
General Cash Receipts						
Property Taxes	9,704,924	10,160,949	0	0	9,704,924	10,160,949
Sales Taxes	9,868,020	8,897,309	0	0	9,868,020	8,897,309
Other Local Taxes	222,767	250,477	0	0	222,767	250,477
Payments in Lieu Taxes	6,072	6,255	0	0	6,072	6,255
Unrestricted Grants and Entitlements	1,713,143	1,824,083	0	0	1,713,143	1,824,083
Proceeds from Sale of Assets	1,546,044	0	0	0	1,546,044	0
Notes Issued	620,000	0	0	0	620,000	0
Bonds Issued	0	946,500	1,540,000	0	1,540,000	946,500
Loan Returned from TID	0	250,000	0	0	0	250,000
Interest	350,569	619,778	0	0	350,569	619,778
Other	235,005	484,857	4,425	13,437	239,430	498,294
Total General Cash Receipts	24,266,544	23,440,208	1,544,425	13,437	25,810,969	23,453,645
<i>Total Cash Receipts</i>	<i>56,105,819</i>	<i>54,920,880</i>	<i>4,560,111</i>	<i>3,054,487</i>	<i>60,665,930</i>	<i>57,975,367</i>
Cash Disbursements						
Program Cash Disbursements						
General Government						
Legislative and Executive	6,107,325	5,852,688	0	0	6,107,325	5,852,688
Judicial	3,421,001	3,765,537	0	0	3,421,001	3,765,537
Public Safety	7,949,998	8,376,885	0	0	7,949,998	8,376,885
Public Works	4,700,263	7,385,776	0	0	4,700,263	7,385,776
Health	9,196,429	10,714,328	0	0	9,196,429	10,714,328
Human Services	8,928,754	7,915,037	0	0	8,928,754	7,915,037
Comm. and Econ. Development	151,598	432,531	0	0	151,598	432,531
Other	89,711	102,230	0	0	89,711	102,230
Capital Outlay	4,693,416	9,469,336	0	0	4,693,416	9,469,336
Intergovernmental	625,696	251,757	0	0	625,696	251,757
Debt Service:						
Principal Retirement	430,665	664,275	0	0	430,665	664,275
Interest and Fiscal Charges	220,986	189,852	0	0	220,986	189,852
Wastewater Treatment	0	0	4,251,756	2,971,539	4,251,756	2,971,539
<i>Total Cash Disbursements</i>	<i>46,515,842</i>	<i>55,120,232</i>	<i>4,251,756</i>	<i>2,971,539</i>	<i>50,767,598</i>	<i>58,091,771</i>

Table 2

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Net Change in Net Position
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
<i>Change in Net Position</i>	9,589,977	(199,352)	308,355	82,948	9,898,332	(116,404)
<i>Net Position at Beginning of Year</i>	24,351,726	24,551,078	1,968,511	1,885,563	26,320,237	26,436,641
<i>Net Position at End of Year</i>	\$33,941,703	\$24,351,726	\$2,276,866	\$1,968,511	\$36,218,569	\$26,320,237

*Restated. See note 21 of the notes to the basic financial statements for additional information.

Governmental Activities The increase in operating grants, contributions, and interest is primarily due to the receipt of CARES Act funding. Capital grants, contributions, and interest decreased as the County received more grant funding through the Ohio Department of Transportation in the prior year as compared to the current year. Sales taxes increased between years due to a significant increase in local spending with stimulus funding available to the County's citizens. The County had a large sale of property, resulting in approximately \$1.4 million in proceeds for the Board of Developmental Disabilities. Interest earnings decreased due to a downturn in the economy for the first quarter of the year due to the COVID-19 pandemic. Property taxes and sales taxes made up 17 percent and 18 percent, respectively, of cash receipts for governmental activities for Lawrence County in 2020. Operating grants, contributions, and interest and charges for services and sales made up 35 percent and 17 percent, respectively, of cash receipts for governmental activities for the County.

Human services increased primarily due to increased costs from the Department of Job and Family Services, Children Services, and the Child Support Enforcement Agency. Public safety disbursements decreased slightly due to a decrease in costs in the Sheriff's office. Public works disbursements decreased due to a decrease in projects in 2020 in the motor vehicle gasoline tax fund. Health disbursements decreased due to a decrease in costs associated with the Board of Developmental Disabilities. Capital outlay decreased due to a decrease in project costs in the Engineer's office and renovations within the courthouse.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Tables 3 and 4 show, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental and business-type activities is apparent. Most of the human services and public works activities are supported through charges for services and operating grants, contributions, and interest; for all governmental activities, general cash receipts support is 32 percent as shown in Table 3. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Lawrence County. Tables 3 and 4 below show the total and net cost of services (on a cash basis) for the County.

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2020		2019*	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government				
Legislative and Executive	\$6,107,325	\$3,240,945	\$5,852,688	\$4,071,390
Judicial	3,421,001	2,212,219	3,765,537	2,890,477
Public Safety	7,949,998	3,608,079	8,376,885	4,943,746
Public Works	4,700,263	(1,414,853)	7,385,776	(433,147)
Health	9,196,429	3,239,129	10,714,328	2,588,802
Human Services	8,928,754	514,713	7,915,037	2,011,701
Community and Economic Development	151,598	151,598	432,531	128,943
Other	89,711	73,093	102,230	88,957
Capital Outlay	4,693,416	2,182,587	9,469,336	6,242,807
Intergovernmental	625,696	279,133	251,757	251,757
Debt Service:				
Principal Retirement	430,665	406,688	664,275	664,275
Interest and Fiscal Charges	220,986	183,236	189,852	189,852
<i>Total Cash Disbursements</i>	<u>\$46,515,842</u>	<u>\$14,676,567</u>	<u>\$55,120,232</u>	<u>\$23,639,560</u>

*Restated. See note 21 of the notes to the basic financial statements for additional information.

Table 4
 Total Cost of Program Services
 Business-Type Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Wastewater Treatment	\$4,251,756	\$1,236,070	\$2,971,539	(\$69,511)
<i>Total Cash Disbursements</i>	<u>\$4,251,756</u>	<u>\$1,236,070</u>	<u>\$2,971,539</u>	<u>(\$69,511)</u>

Business-Type Activities Business-type activities include wastewater treatment services. Overall net position increased \$308,355 from 2019 to 2020. Program receipts were less than program disbursements for the wastewater treatment segment in the amount of \$1,236,070 primarily because of capital outlay related to the sewer system improvements project.

The County's Funds

The County's funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$61,624,625 and cash disbursements and other financing uses of \$52,034,648. The net change in fund balance for the year was most significant in the general fund, where the cash balance went from \$4,484,789 to \$6,899,511. This increase is due primarily to an increase in sales tax receipts as well a decrease in capital outlay disbursements.

The fund balance of the board of developmental disabilities fund increased \$2,279,955 as receipts exceeded disbursements. The Board of Developmental Disabilities received \$1.4 million in proceeds from the sale of a building. The fund balance of the job and family services fund decreased \$131,334, due to an increase in operating

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

costs. The fund balance of the motor vehicle gasoline tax fund increased \$1,181,845, due to the reduction of costs outpacing a reduction in receipts. The Engineer's office had large paving projects in 2019 for which Ohio Department of Transportation funding was received. Those projects significantly tapered off during 2020 as most work was performed in prior years. However, requests for reimbursement for prior year costs were received in 2020, resulting in receipts in excess of costs in relation to these projects.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. Final budgeted receipts and other financing sources were \$16,484,515, which is over original budgeted receipts of \$16,454,747 by \$29,768, which is not a significant change. Total actual receipts and other financing sources were \$19,649,263, above original budget estimates by \$3,194,516, due primarily to higher than expected property and sales tax receipts. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$18,023,224. Original budgeted appropriations and other financing uses were \$18,697,335, while final budgeted amounts were \$18,711,335. Overall, total actual disbursements and other financing uses did not differ significantly from the original budget. However, actual disbursements for public safety were significantly less and actual transfers out were significantly higher than originally budgeted. Public safety disbursements were lower than expected due to lower disbursements for salaries and jail costs. Transfers out increased significantly from the original budget due to transfers for capital obligations and for transfers to budget stabilization funds.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$4,693,416 and \$1,266,318 for its governmental activities and its business-type activities, respectively, during 2020.

Debt

Under the cash basis of accounting, the County does not report bonds, leases, or long-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, leases, and long-term notes. At December 31, 2020, the County had \$6,159,721 outstanding in bonds and other long-term debt for governmental activities and \$21,284,686 outstanding in bonds and other long-term debt for business-type activities. For additional information regarding debt, please see note 10 to the basic financial statements.

Table 5 summarizes bonds and long-term debt outstanding for governmental activities for 2020 and 2019:

Table 5
 Outstanding Debt at December 31
 Governmental Activities

	2020	2019
General Obligation Bonds	\$5,776,098	\$5,519,741
Lease Financing Agreement	378,728	441,102
Long Term Notes	4,895	9,543
Totals	\$6,159,721	\$5,970,386

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Table 6 summarizes bonds and long-term debt outstanding for business-type activities for 2020 and 2019:

Table 6
 Outstanding Debt at December 31
 Business-Type Activities

	2020	2019
OWDA Loans	\$19,483,436	\$20,404,866
OPWC Loans	261,250	275,000
Sewer Bonds	1,540,000	0
Totals	\$21,284,686	\$20,679,866

Current Financial Related Activities

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

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

Other Significant Information

As described in note 22 of the notes to the basic financial statements, the United States and the State of Ohio declared a state of emergency in March 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 impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul D. Knipp, County Auditor at Lawrence County, 111 South Fourth Street, Ironton, Ohio 45638.

Lawrence County
Statement of Net Position - Cash Basis
As of December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$33,736,137	\$2,019,607	\$35,755,744
Cash and Cash Equivalents in Segregated Accounts	205,566	257,259	462,825
<i>Total Assets</i>	<u>33,941,703</u>	<u>2,276,866</u>	<u>36,218,569</u>
Net Position			
Restricted for:			
Developmental Disabilities	5,916,974	0	5,916,974
Job and Family Services	202,719	0	202,719
Motor Vehicle Gasoline Tax	5,136,762	0	5,136,762
Court Development	275,757	0	275,757
Delinquent Taxes	69,890	0	69,890
Indigent Drivers	141,337	0	141,337
Law Library	55,568	0	55,568
Indigent Guardianship	62,046	0	62,046
Juvenile and Probate Special Projects	75,830	0	75,830
Concealed Handgun Law	80,129	0	80,129
Drug Law Enforcement	67,837	0	67,837
Common Pleas Court In-House Mediation	308,750	0	308,750
County Court Computerization	333,915	0	333,915
Common Pleas Court Computerization	52,459	0	52,459
Clerk of Courts Computerization	50,773	0	50,773
Electronic Monitoring	51,337	0	51,337
Juvenile Court IV-D Contract	211,958	0	211,958
Recorder Special Projects	230,673	0	230,673
Supervisory Fees	136,953	0	136,953
T Cap	110,324	0	110,324
Probate and Juvenile Court	196,416	0	196,416
Coronavirus Relief	1,384,832	0	1,384,832
Court Technology Grants	150,000	0	150,000
Juvenile Court IV-E	138,909	0	138,909
Real Estate Assessment	741,729	0	741,729
Detention Home	84,967	0	84,967
Group Home Community Service	91,481	0	91,481
Care and Custody	342,362	0	342,362
Children Services	874,508	0	874,508
Family Resources	83,522	0	83,522
Child Welfare	53,359	0	53,359
Child Support	1,297,528	0	1,297,528
EMS	2,863,944	0	2,863,944
Prosecutor	110,609	0	110,609
Unclaimed Monies	156,948	0	156,948
Debt Service	61,727	0	61,727
Capital Outlay	3,934,196	0	3,934,196
Other Purposes	724,462	0	724,462
Unrestricted	7,078,213	2,276,866	9,355,079
<i>Total Net Position</i>	<u>33,941,703</u>	<u>2,276,866</u>	<u>36,218,569</u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2020

	Program Receipts			
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental Activities				
General Government:				
Legislative and Executive	\$6,107,325	\$2,454,335	\$412,045	\$0
Judicial	3,421,001	921,806	209,642	77,334
Public Safety	7,949,998	1,138,588	3,194,162	9,169
Public Works	4,700,263	150,043	5,392,235	572,838
Health	9,196,429	3,245,336	2,711,964	0
Human Services	8,928,754	912,413	7,501,628	0
Community and Economic Development	151,598	0	0	0
Other	89,711	16,618	0	0
Capital Outlay	4,693,416	201,285	0	2,309,544
Intergovernmental	625,696	165,246	181,317	0
Debt Service:				
Principal Retirement	430,665	23,977	0	0
Interest and Fiscal Charges	220,986	37,750	0	0
<i>Total Governmental Activities</i>	<u>46,515,842</u>	<u>9,267,397</u>	<u>19,602,993</u>	<u>2,968,885</u>
Business-Type Activities				
Wastewater Treatment	4,251,756	3,015,686	0	0
<i>Total Business-Type Activities</i>	<u>4,251,756</u>	<u>3,015,686</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$50,767,598</u>	<u>\$12,283,083</u>	<u>\$19,602,993</u>	<u>\$2,968,885</u>
Component Units				
Lawrence County Land Reutilization Corporation	\$463,545	\$132,689	\$170,702	\$0
Lawrence County Port Authority	1,451,817	401,410	1,251,784	0
Lawrence County Transportation Improvement District	3,895	0	0	0
<i>Total Component Units</i>	<u>\$1,919,257</u>	<u>\$534,099</u>	<u>\$1,422,486</u>	<u>\$0</u>

General Receipts

Property Taxes Levied for:

- General Purposes
- Board of Developmental Disabilities
- Emergency Medical Services
- Emergency Medical Services Capital Purposes

Sales Taxes Levied for General Purposes

Other Local Taxes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Notes Issued

Bonds Issued

Proceeds from Sale of Assets

Total General Receipts

Change in Net Position

Net Position Beginning of Year-Restated

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Lawrence County Land Reutilization Corporation	Lawrence County Port Authority	Lawrence County Transportation Improvement District
(\$3,240,945)	\$0	(\$3,240,945)	\$0	\$0	\$0
(2,212,219)	0	(2,212,219)	0	0	0
(3,608,079)	0	(3,608,079)	0	0	0
1,414,853	0	1,414,853	0	0	0
(3,239,129)	0	(3,239,129)	0	0	0
(514,713)	0	(514,713)	0	0	0
(151,598)	0	(151,598)	0	0	0
(73,093)	0	(73,093)	0	0	0
(2,182,587)	0	(2,182,587)	0	0	0
(279,133)	0	(279,133)	0	0	0
(406,688)	0	(406,688)	0	0	0
(183,236)	0	(183,236)	0	0	0
(14,676,567)	0	(14,676,567)	0	0	0
0	(1,236,070)	(1,236,070)	0	0	0
0	(1,236,070)	(1,236,070)	0	0	0
(14,676,567)	(1,236,070)	(15,912,637)	0	0	0
			(160,154)	0	0
			0	201,377	0
			0	0	(3,895)
			(160,154)	201,377	(3,895)
4,171,329	0	4,171,329	0	0	0
2,773,627	0	2,773,627	0	0	0
2,345,974	0	2,345,974	0	0	0
413,994	0	413,994	0	0	0
9,868,020	0	9,868,020	0	0	0
222,767	0	222,767	0	0	0
6,072	0	6,072	0	0	0
1,713,143	0	1,713,143	149,886	0	0
350,569	0	350,569	0	0	0
235,005	4,425	239,430	0	0	0
620,000	0	620,000	0	0	0
0	1,540,000	1,540,000	0	0	0
1,546,044	0	1,546,044	0	0	0
24,266,544	1,544,425	25,810,969	149,886	0	0
9,589,977	308,355	9,898,332	(10,268)	201,377	(3,895)
24,351,726	1,968,511	26,320,237	80,788	383,306	7,566
\$33,941,703	\$2,276,866	\$36,218,569	\$70,520	\$584,683	\$3,671

Lawrence County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
As of December 31, 2020

	General	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$6,674,811	\$5,916,974	\$202,719	\$5,135,402	\$15,649,283	\$33,579,189
Cash and Cash Equivalents in Segregated Accounts	67,752	0	0	1,360	136,454	205,566
Restricted Cash and Cash Equivalents	156,948	0	0	0	0	156,948
<i>Total Assets</i>	<u>\$6,899,511</u>	<u>\$5,916,974</u>	<u>\$202,719</u>	<u>\$5,136,762</u>	<u>\$15,785,737</u>	<u>\$33,941,703</u>
Fund Balances						
Nonspendable	\$156,948	\$0	\$0	\$0	\$0	\$156,948
Restricted	0	5,916,974	202,719	5,136,762	15,450,087	26,706,542
Committed	0	0	0	0	335,648	335,648
Assigned	2,288,567	0	0	0	2	2,288,569
Unassigned	4,453,996	0	0	0	0	4,453,996
<i>Total Fund Balances</i>	<u>\$6,899,511</u>	<u>\$5,916,974</u>	<u>\$202,719</u>	<u>\$5,136,762</u>	<u>\$15,785,737</u>	<u>\$33,941,703</u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2020

	General	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$4,171,329	\$2,773,627	\$0	\$0	\$2,759,968	\$9,704,924
Sales Taxes	9,868,020	0	0	0	0	9,868,020
Other Local Taxes	0	0	0	0	222,767	222,767
Payments in Lieu of Taxes	2,897	1,686	0	0	1,489	6,072
Charges for Services	2,582,030	249,097	548,533	0	5,528,864	8,908,524
Licenses and Permits	2,325	0	0	0	105	2,430
Fines and Forfeitures	275,161	0	0	16,931	64,351	356,443
Intergovernmental	1,402,557	2,674,458	4,916,326	5,881,055	9,315,474	24,189,870
Interest	350,569	45,821	0	35,198	8,703	440,291
Contributions and Donations	0	100	0	0	5,329	5,429
Other	153,521	2,335	708	36,047	42,394	235,005
<i>Total Receipts</i>	<u>18,808,409</u>	<u>5,747,124</u>	<u>5,465,567</u>	<u>5,969,231</u>	<u>17,949,444</u>	<u>53,939,775</u>
Disbursements						
Current:						
General Government:						
Legislative and Executive	4,698,054	0	0	0	1,409,271	6,107,325
Judicial	2,718,445	0	0	0	702,556	3,421,001
Public Safety	3,798,114	0	0	0	4,151,884	7,949,998
Public Works	718,587	0	0	3,957,109	24,567	4,700,263
Health	233,128	4,841,782	0	0	4,121,519	9,196,429
Human Services	669,879	0	5,596,901	0	2,661,974	8,928,754
Community and Economic Development	0	0	0	0	151,598	151,598
Other	89,711	0	0	0	0	89,711
Capital Outlay	34,077	58,512	0	401,971	4,198,856	4,693,416
Intergovernmental	150,000	0	0	0	475,696	625,696
Debt Service:						
Principal Retirement	0	0	0	0	430,665	430,665
Interest and Fiscal Charges	0	0	0	0	220,986	220,986
<i>Total Disbursements</i>	<u>13,109,995</u>	<u>4,900,294</u>	<u>5,596,901</u>	<u>4,359,080</u>	<u>18,549,572</u>	<u>46,515,842</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	5,698,414	846,830	(131,334)	1,610,151	(600,128)	7,423,933
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	5,518,806	5,518,806
Notes Issued	0	0	0	0	620,000	620,000
Proceeds from Sale of Assets	0	1,433,125	0	66,694	46,225	1,546,044
Transfers Out	(3,283,692)	0	0	(495,000)	(1,740,114)	(5,518,806)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,283,692)</u>	<u>1,433,125</u>	<u>0</u>	<u>(428,306)</u>	<u>4,444,917</u>	<u>2,166,044</u>
<i>Net Change in Fund Balances</i>	2,414,722	2,279,955	(131,334)	1,181,845	3,844,789	9,589,977
<i>Fund Balances at Beginning of Year-Restated</i>	4,484,789	3,637,019	334,053	3,954,917	11,940,948	24,351,726
<i>Fund Balances at End of Year</i>	<u>\$6,899,511</u>	<u>\$5,916,974</u>	<u>\$202,719</u>	<u>\$5,136,762</u>	<u>\$15,785,737</u>	<u>\$33,941,703</u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$3,531,886	\$3,538,276	\$4,217,557	\$679,281
Sales Taxes	8,263,723	8,278,672	9,868,020	1,589,348
Payments in Lieu of Taxes	2,426	2,430	2,897	467
Charges for Services	1,697,225	1,700,296	2,026,720	326,424
Licenses and Permits	1,947	1,951	2,325	374
Fines and Forfeitures	230,427	230,843	275,161	44,318
Intergovernmental	1,174,536	1,176,661	1,402,557	225,896
Interest	292,471	293,000	349,286	56,286
Other	41,238	41,313	49,244	7,931
<i>Total Receipts</i>	15,235,879	15,263,442	18,193,767	2,930,325
Disbursements				
Current:				
General Government:				
Legislative and Executive	5,005,384	4,338,379	4,338,379	0
Judicial	2,911,846	2,719,759	2,719,759	0
Public Safety	6,134,509	3,981,540	3,959,003	22,537
Public Works	750,518	718,587	718,587	0
Health	328,376	318,567	318,567	0
Human Services	705,054	669,956	669,956	0
Community and Economic Development	17,500	0	0	0
Other	107,500	89,711	89,711	0
Capital Outlay	38,660	64,032	64,032	0
Intergovernmental	150,000	150,000	150,000	0
<i>Total Disbursements</i>	16,149,347	13,050,531	13,027,994	22,537
<i>Excess of Receipts Over (Under) Disbursements</i>	(913,468)	2,212,911	5,165,773	2,952,862
Other Financing Sources (Uses)				
Transfers In	1,218,868	1,221,073	1,455,496	234,423
Transfers Out	(2,547,988)	(4,995,230)	(4,995,230)	0
<i>Total Other Financing Sources (Uses)</i>	(1,329,120)	(3,774,157)	(3,539,734)	234,423
<i>Net Change in Fund Balances</i>	(2,242,588)	(1,561,246)	1,626,039	3,187,285
<i>Fund Balances at Beginning of Year</i>	2,466,674	2,466,674	2,466,674	0
<i>Prior Year Encumbrances Appropriated</i>	170,348	170,348	170,348	0
<i>Fund Balances at End of Year</i>	\$394,434	\$1,075,776	\$4,263,061	\$3,187,285

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$2,579,387	\$2,649,734	\$2,804,364	\$154,630
Payments in Lieu of Taxes	1,551	1,593	1,686	93
Charges for Services	229,113	235,362	249,097	13,735
Intergovernmental	2,427,817	2,494,030	2,674,458	180,428
Interest	42,145	43,294	45,821	2,527
Contributions and Donations	92	94	100	6
Other	1,741	1,789	1,893	104
<i>Total Receipts</i>	5,281,846	5,425,896	5,777,419	351,523
Disbursements				
Current:				
Health	5,825,208	4,880,341	4,880,341	0
Capital Outlay	50,000	58,512	58,512	0
<i>Total Disbursements</i>	5,875,208	4,938,853	4,938,853	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(593,362)	487,043	838,566	351,523
Other Financing Sources				
Proceeds from Sale of Assets	1,318,154	1,354,104	1,433,125	79,021
<i>Total Other Financing Sources</i>	1,318,154	1,354,104	1,433,125	79,021
<i>Net Change in Fund Balances</i>	724,792	1,841,147	2,271,691	430,544
<i>Fund Balances at Beginning of Year</i>	3,135,465	3,135,465	3,135,465	0
<i>Prior Year Encumbrances Appropriated</i>	1,599	1,599	1,599	0
<i>Fund Balances at End of Year</i>	\$3,861,856	\$4,978,211	\$5,408,755	\$430,544

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	\$653,655	\$665,302	\$548,533	(\$116,769)
Intergovernmental	5,858,501	5,962,884	4,916,326	(1,046,558)
Other	844	859	708	(151)
<i>Total Receipts</i>	6,513,000	6,629,045	5,465,567	(1,163,478)
Disbursements				
Current:				
Human Services	6,515,647	5,617,471	5,617,471	0
<i>Total Disbursements</i>	6,515,647	5,617,471	5,617,471	0
<i>Net Change in Fund Balances</i>	(2,647)	1,011,574	(151,904)	(1,163,478)
<i>Fund Balances at Beginning of Year</i>	288,820	288,820	288,820	0
<i>Prior Year Encumbrances Appropriated</i>	2,647	2,647	2,647	0
<i>Fund Balances at End of Year</i>	\$288,820	\$1,303,041	\$139,563	(\$1,163,478)

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Fines and Forfeitures	\$26,776	\$26,881	\$15,571	(\$11,310)
Intergovernmental	10,113,261	10,152,633	5,881,055	(4,271,578)
Interest	60,528	60,763	35,198	(25,565)
Other	61,988	62,229	36,047	(26,182)
<i>Total Receipts</i>	10,262,553	10,302,506	5,967,871	(4,334,635)
Disbursements				
Current:				
Public Works	11,661,701	4,787,517	4,787,517	0
Capital Outlay	220,000	721,763	721,763	0
<i>Total Disbursements</i>	11,881,701	5,509,280	5,509,280	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,619,148)	4,793,226	458,591	(4,334,635)
Other Financing Sources (Uses)				
Transfers In	197,758	198,528	115,000	(83,528)
Proceeds from Sale of Assets	114,689	115,136	66,694	(48,442)
Transfers Out	(1,200,000)	(610,000)	(610,000)	0
<i>Total Other Financing Sources (Uses)</i>	(887,553)	(296,336)	(428,306)	(131,970)
<i>Net Change in Fund Balances</i>	(2,506,701)	4,496,890	30,285	(4,466,605)
<i>Fund Balances at Beginning of Year</i>	3,357,965	3,357,965	3,357,965	0
<i>Prior Year Encumbrances Appropriated</i>	566,702	566,702	566,702	0
<i>Fund Balances at End of Year</i>	\$1,417,966	\$8,421,557	\$3,954,952	(\$4,466,605)

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Fund Net Position - Cash Basis
Proprietary Fund
As of December 31, 2020

	Union- Rome Sewer
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,019,607
Cash and Cash Equivalents in Segregated Accounts	257,259
<i>Total Assets</i>	<u>2,276,866</u>
Net Position	
Unrestricted	2,276,866
<i>Total Net Position</i>	<u><u>\$2,276,866</u></u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2020

	Union- Rome Sewer
Operating Receipts	
Charges for Services	\$3,015,686
Other	4,425
<i>Total Operating Receipts</i>	3,020,111
Operating Disbursements	
Salaries and Benefits	980,065
Contractual Services	748,068
Materials and Supplies	102,909
Capital Outlay	1,266,318
Other	17,464
<i>Total Operating Disbursements</i>	3,114,824
<i>Operating Loss</i>	(94,713)
Nonoperating Receipts (Disbursements)	
Bonds Issued	1,540,000
Debt Service:	
Principal Retirement	(935,180)
Interest and Fiscal Charges	(201,752)
<i>Total Nonoperating Receipts (Disbursements)</i>	403,068
<i>Change in Net Position</i>	308,355
<i>Net Position Beginning of Year-Restated</i>	1,968,511
<i>Net Position End of Year</i>	\$2,276,866

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Fiduciary Net Position - Cash Basis
Custodial Funds
As of December 31, 2020

Assets

Equity in Pooled Cash and Cash Equivalents	\$3,629,303
Cash and Cash Equivalents in Segregated Accounts	<u>648,257</u>
<i>Total Assets</i>	<u>4,277,560</u>

Net Position

Restricted for Individuals, Organizations, and Other Governments	<u>4,277,560</u>
<i>Total Net Position</i>	<u><u>\$4,277,560</u></u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Year Ended December 31, 2020

Additions	
Intergovernmental	\$8,004,504
Amounts Received as Fiscal Agent	2,679,518
Licenses and Permits and Fees for Other Governments	228,357
Fines and Forfeitures for Other Governments	9,852,396
Amounts Held for Employees	28
Property Tax Collections for Other Governments	39,679,968
Sheriff Sale Collections for Others	499,362
Interest	1,189
<i>Total Additions</i>	<u>60,945,322</u>
Deductions	
Distributions as Fiscal Agent	1,870,632
Distributions of State Funds to Other Governments	8,005,634
Licenses and Permits and Fees Distributions to Other Governments	216,415
Fines and Forfeitures Distributions to Other Governments	10,208,936
Distributions on Behalf of Employees	6
Property Tax Distributions to Other Governments	39,829,895
Sheriff Sale Distributions to Others	346,362
Other Distributions	271,364
<i>Total Deductions</i>	<u>60,749,244</u>
 <i>Change in Net Position</i>	 196,078
 <i>Net Position at Beginning of Year-Restated</i>	 <u>4,081,482</u>
 <i>Net Position at End of Year</i>	 <u><u>\$4,277,560</u></u>

See accompanying notes to the basic financial statements.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Description of the County and Reporting Entity

Lawrence County, Ohio (the County), was settled in 1797, and it was formally established on December 20, 1816 as a County by taking portions of Gallia and Scioto Counties. The County is comprised of fourteen townships. The County is governed by a three-member Board of County Commissioners elected by the voters of the County. The County Auditor is responsible for the fiscal controls of the resources of the County that are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. Other officials that manage various segments of the County's operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for the Probate and Juvenile Courts. All of these officials are elected. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrator of public services for the County, including each of these departments.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61, for determining the reporting entity.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Lawrence County, this includes the Board of Developmental Disabilities, the Union-Rome Sewer District, and all departments and activities that are directly operated by the elected County officials.

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

The County has the following component units:

Lawrence County Land Reutilization Corporation – The Corporation is a legally separate, not-for-profit corporation served by a five-member self appointed board. The Corporation's board is comprised of two County Commissioners, the County Treasurer, the Mayor of the City of Ironton, and the fiscal officer for Upper Township. The Corporation acquires abandoned, un-utilized or blighted properties, through tax foreclosure of delinquent lands, property donations and limited property purchases with the goal of redeveloping those properties to revitalize the County. The Corporation operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Lawrence County Land Reutilization Corporation, Ironton, Ohio.

Lawrence County Port Authority – The Port Authority is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Sections 4582.21 to 4582.59 of the Ohio Revised Code. The Port Authority was established on December 2, 2004 by the Lawrence County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Lawrence County. The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.59 of the Ohio Revised Code. These services include, but are not limited to, the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

interest in, and operate Port Authority facilities to accomplish these activities. The Lawrence County Port Authority operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Lawrence County Port Authority, Ironton, Ohio.

Lawrence County Transportation Improvement District – The TID is a legally separate entity pursuant to the Ohio Revised Code Section 5540.03(A)(1). The purpose of the TID is to plan, construct and improve highways, roads, bridges, interchanges and accompanying capital improvements and developments throughout Lawrence County. The Board of Directors is appointed pursuant to the Ohio Revised Code Section 5540.02(C)(2). The Board of Directors is made up of five voting members appointed by the Lawrence County Commissioners, there are also two nonvoting members, one of which is appointed by the Speaker of the Ohio House of Representatives and the other is appointed by the president of the Ohio Senate. Separately issued financial statements can be obtained from the Lawrence County Transportation Improvement District, Ironton, Ohio.

The County has elected to include the above component units in the accompanying basic financial statements. See also note 2 to the basic financial statements entitled Government-wide Financial Statements.

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

- The Lawrence County Agricultural Society
- The Lawrence County Educational Service Center
- Collins Career Center
- The Lawrence County Historical Society
- The Lawrence County Extension Service
- The Lawrence County Economic Development Corporation
- The Lawrence County Domestic Violence Task Force, Inc.
- The Lawrence County Council on Aging
- The Lawrence County Airpark

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

- The Lawrence County Soil and Water Conservation District was statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.
- Lawrence County Health District is governed by a five member Board of Health which oversees the operation of the Health District. The Board is appointed by an advisory council comprised of the president of the township trustees, mayors of participating municipalities and one County Commissioner. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the Health District.
- The Local Emergency Planning Commission was established by the State Emergency Response Commission, which designates Emergency Planning Districts within the State. Commission members are recommended by the County Commissioners and appointed by the State Emergency Response Commission. The Commission receives operating resources in the form of grants from the State.

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in note 11.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

- Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
- Private Industry Council
- Ironton-Lawrence County Community Action Organization
- The KYOVA Interstate Planning Commission
- Ohio Valley Regional Development Commission

The County is involved in the following organizations that are defined as public entity shared risk pools. Additional information concerning the public entity shared risk pools is presented in note 12.

- Buckeye Joint-County Self-Insurance Council
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is involved in the following organization that is defined as a joint venture. Additional financial information concerning the joint venture is presented in note 13.

- Scioto-Lawrence Counties Joint Solid Waste District

The County is involved with the following organization that is defined as a related organization. Additional financial information concerning the related organization is presented in note 14.

- Briggs-Lawrence County Public Library

Note 2 – Summary of Significant Accounting Policies

The financial statements of Lawrence County have been prepared following the cash accounting basis. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements omit assets, liabilities, deferred inflows and outflows of resources, fund equities, and certain disclosures. The more significant accounting policies are described below.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

Governmental Funds

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

General Fund – The general fund is the general operating fund of the County and is used to account for all financial resources except those accounted for in another fund. The general fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Board of Developmental Disabilities Special Revenue Fund – This fund is used to provide assistance and training to developmentally disabled individuals. The primary sources of funding are various federal and state grants and a property tax levy.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Job and Family Services Special Revenue Fund – This fund is used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of funding are various federal and state grants as well as contributions from the general fund.

Motor Vehicle Gasoline Tax Special Revenue Fund – This fund is used for maintenance and repair of roads and bridges. The primary sources of funding are monies received from state gasoline tax and motor vehicle registration fees.

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

Proprietary Funds

The proprietary funds are used to account for the County’s ongoing activities which are similar to those found in the private sector. Enterprise funds are the County’s only proprietary fund type. The following is the County’s major enterprise fund:

Union-Rome Sewer Fund – The union-rome sewer fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. The County’s union-rome sewer fund accounts for wastewater treatment services for the County. The major ongoing source of funding is charges for services.

Fiduciary Funds

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

Custodial Funds – Custodial funds (assets equal net position) do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The County’s custodial funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

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

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 statement of net position-cash basis presents the cash basis financial condition of the governmental and the business-type activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County’s governmental and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding three legally separate entities, or component units, for which the County is fiscally responsible. These three component units: the Lawrence County Land Reutilization Corporation, the Lawrence County Port Authority, and the Lawrence County Transportation Improvement District are described further in note 1 to the basic financial statements.

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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes on the cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

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

For comparability purposes, the component units' financial information has been presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are also recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget – In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the taxing authority of a subdivision to adopt a tax budget.

Estimated Resources – The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriation.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds. The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The original budget figures that appear in the statements of budgetary comparison represent the first appropriation measure that covered the entire fiscal year. The final budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances – The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balance

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

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

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

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2020. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary and fiduciary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months. Individual fund balance integrity is maintained through the County’s records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the general fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For 2020, interest receipts amounted to \$441,480, of which \$350,569 was recorded in the general fund; \$45,821 was recorded in the board of developmental disabilities fund; \$35,198 was recorded in the motor vehicle gasoline tax fund; \$8,703 was recorded in all other governmental funds; and \$1,189 was recorded in the coronavirus relief custodial fund.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Cash and cash equivalents that are held separately within departments of the County are recorded as “cash and cash equivalents in segregated accounts”.

Restricted Assets

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

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 and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the basic financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees.

Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid and are not accrued as liabilities.

Net Position

Net position represents the cash basis assets held by the County at year end. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available. None of the County’s restricted net position is restricted by enabling legislation.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities or within business-type activities are eliminated. Transfers between governmental activities and business-type activities are shown in the same manner as general revenues. The County did not record any transfers between governmental activities and business-type activities during 2020.

Interfund Receivables/Payable

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.

Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Equity in Pooled Cash and Investments

Primary Government

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies can be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the 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 security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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 Ohio Revised Code (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;

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other state, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation and that mature not later than 180 days after purchase.
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, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the County's bank balance of \$35,842,208 was either covered by FDIC or collateralized in the manner described below.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

- Eligible securities pledged to the County and deposited either with qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Investments

The County had the following investments as of December 31, 2020:

	Investment Balance	<1 Year	Maturity 1-2 Years	>2 Years	Percent Invested
City of Ironton 2017 Securities	\$74,370	\$36,770	\$37,600	\$0	1.27%
Commissioners/Cruiser Sheriff	49,248	49,248	0	0	0.84%
Commissioners Ambulance Securities	127,100	62,800	64,300	0	2.17%
Commissioners Dog Pound Vehicle	6,688	6,688	0	0	0.12%
Commissioners Software Securities	41,800	41,800	0	0	0.72%
Commissioners Vehicle EMS Securities	152,900	49,000	50,900	53,000	2.61%
Commissioners/911 Equipment	14,062	14,062	0	0	0.24%
Commissioners/EMS Amb Securities	620,000	26,000	27,000	567,000	10.59%
Commissioners/Sewer Securities	1,540,000	134,000	138,000	1,268,000	26.31%
Fairland Schools Securities	250,000	250,000	0	0	4.27%
Fayette Twp 2018 Securities	229,595	25,819	26,594	177,182	3.92%
Fayette Twp 2017 Securities	29,000	14,300	14,700	0	0.50%
Mason Township	5,100	5,100	0	0	0.09%
South Point Sewer	612,000	36,000	36,000	540,000	10.46%
Rome Township 2018 Securities	12,231	12,231	0	0	0.21%
Rome Township 2020 Securities	260,000	22,576	23,276	214,148	4.44%
Union Township 2017 Securities	98,600	48,700	49,900	0	1.69%
Union Township 2016 Securities	8,900	8,900	0	0	0.15%
Upper Township 2018 Securities	13,000	4,200	4,330	4,470	0.22%
Upper Township 2016 Securities #1	4,800	4,800	0	0	0.08%
Upper Township 2016 Securities #2	8,800	8,800	0	0	0.15%
Village of Proctorville Securities	10,900	5,400	5,500	0	0.19%
Village of South Point 2016	84,282	84,282	0	0	1.44%
Village of South Point 2020	107,143	53,571	53,572	0	1.83%
City of Ironton 2019 Securities	286,658	68,496	70,566	147,596	4.90%
Hamilton Township	288,000	78,000	82,000	128,000	4.92%
Village of Coal Grove 2020 Securities	16,500	3,100	3,200	10,200	0.28%
Fayette Twp 2019 Securities	63,400	15,000	15,600	32,800	1.08%
Commissioners Bldg	406,600	8,600	9,000	389,000	6.95%
Commissioners Elec Equip	302,700	29,700	30,600	242,400	5.17%
Aid Township	79,499	18,721	19,470	41,308	1.36%
Windsor Township	48,700	11,600	12,000	25,100	0.83%
Total	\$5,852,576	\$1,238,264	\$774,108	\$3,840,204	100.00%

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits their investments to those authorized by State statute. All government securities are unrated.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The County’s investment policy allows investments in U.S Treasury obligations, federal agency obligations, repurchase agreements, commercial paper, bankers’ acceptances, municipal obligations, bank deposits, state pool, registered investment companies (mutual funds), corporate bonds, certificates

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

of deposit or within financial institutions with the State of Ohio as designated by the Federal Reserve Board and other investments permitted by the Ohio Revised Code. The County invested 100 percent in government securities during 2020.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investments are held in the name of the County.

Component Units

At December 31, 2020, the Lawrence County Land Reutilization Corporation’s carrying amount and bank balance was \$70,520. The entire amount was covered by federal deposit insurance or collateralized by the Ohio Pooled Collateral System.

At December 31, 2020, the Lawrence County Port Authority’s carrying amount of deposits was \$584,683 and the depository balance was \$699,208. The entire amount was covered by federal deposit insurance.

At December 31, 2020, the Lawrence County Transportation Improvement District’s deposit balance was \$3,671 which is held in Lawrence County’s deposit and investment pool.

Note 4 – Budgetary Basis Fund Balances

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statements of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the general and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budget basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund and board of developmental disabilities fund on the cash basis.
3. Cash that is held by custodial funds on behalf of County funds on a budget basis are allocated and reported on the cash basis in the appropriate County fund.
4. Cash that is held in bank accounts by individual departments, not yet deposited in the County treasury are allocated and reported on the cash basis in the appropriate County fund.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

	General Fund	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax
Budgetary Basis Fund Balances	\$4,263,061	\$5,408,755	\$139,563	\$3,954,952
Encumbrances	307,328	0	0	1,135,589
Excluded Funds for Budget Purposes	1,917,587	295,213	0	0
Cash Held in Custodial Funds at Year-End	343,783	213,006	63,156	44,861
Cash Held in Segregated Accounts at Year-End	67,752	0	0	1,360
Fund Cash Balances	\$6,899,511	\$5,916,974	\$202,719	\$5,136,762

Note 5 – Property Taxes

Property taxes include amounts levied against all real, and public utility property located in the County. Property tax revenue received during 2020 for real and public utility property taxes represents collection of 2019 taxes.

2020 real property taxes are levied after October 1, 2020 on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by 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 property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The assessed value for the taxes levied in 2020 was \$1,635,555,010 of which real property represented 70 percent (\$1,142,508,980) of the total and public utility property represented 30 percent (\$493,046,030) of the total. The full tax rate for all County operations for taxes collected in 2020 was \$7.60 per \$1,000 of assessed valuation.

The Lawrence County Treasurer collects property tax on behalf of all taxing districts within the County. The Lawrence County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various custodial funds of the County.

Note 6 – Permissive Sales and Use Tax

In February 1983, the Tax Commissioners adopted by resolution a one percent Permissive Sales and Use Tax. In April 1998 a one-half percent Permissive Sales and Use Tax, as allowed by Sections 5739.02 and 5742.02, Revised Code was also adopted. Sales and use tax revenue for 2020 amounted to \$9,868,020 and is recorded in the general fund.

Note 7 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contracting with Buckeye Joint-County Self-Insurance Council for auto, crime, liability and property insurance, the County has addressed these various types of risk.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

In the event of losses, the first \$250 to \$1,000 of any valid claim depending on the type of loss will be paid by the member. The next payment, with a maximum pay range from \$100,000 to \$2,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Lawrence County does not have any ongoing financial interest or responsibility.

This jointly governed organization is a cost-sharing pool. Coverage provided to the County by the program is as follows:

Policy Type	Annual/ Aggregate Coverage	Deductible
General Liability	\$2,000,000/\$4,000,000	\$0
Public Officials Liability	2,000,000/4,000,000	5,000
Law Enforcement	2,000,000/4,000,000	5,000
Auto Liability	2,000,000 per occurrence	Per Schedule
Pollution Liability	100,000	1,000
All Risk Blanket Property	Building and Contents per Schedule	1,000
Flood (Zone A coverage)	5,000,000	25,000
Extra Expense	1,000,000	1,000
Personal Property of Others	1,000,000	1,000
Earthquake	5,000,000	25,000
Electronic Data Processing Equipment	500,000	1,000
Blanket Bond	250,000	0
Elected Officials Bond	Per Bond Schedule	0
Boiler and Machinery	49,804,563	1,000
Inland Marine	4,783,637	1,000
Auto Comprehensive	Per Schedule	Per Schedule
Auto Collision	Per Schedule	Per Schedule
Employees Benefits Liability	2,000,000/4,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

For 2020, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see note 12). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Note 8 – Defined Benefit Pension Plans

Net Pension Liability (Asset) /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 liability (asset) and the net OPEB liability (asset) represent the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments,

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 health care to eligible benefit recipients.

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

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees, other than licensed teachers, 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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. 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 comprehensive annual financial report referenced above for additional information, including requirements for reduced and unreduced benefits):

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a 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 who retired prior to January 7, 2013, the COLA is 3 percent. 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

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety	Law Enforcement
<i>Statutory Maximum Contribution Rates</i>			
Employer	14.0 %	18.1 %	18.1 %
Employee*	10.0 %	**	***
 <i>Actual Contribution Rates</i>			
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 at 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. The County's contractually required contribution to OPERS was \$2,665,226 for fiscal year 2020.

State Teachers Retirement System (STRS)

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

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 was 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. 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. 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 is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2020, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS Ohio was \$69,006 for 2020.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Pension Liability (Asset)

The net pension liability (asset) for OPERS and STRS was measured as of December 31, 2019 and June 30, 2020, respectively, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension Liability (Asset):				
Current Measurement Date	0.13243200%	0.05804400%	0.00452492%	
Prior Measurement Date	0.13988000%	0.05629200%	0.00783808%	
Change in Proportionate Share	<u>-0.00744800%</u>	<u>0.00175200%</u>	<u>-0.00331316%</u>	
Proportionate Share of the:				
Net Pension Liability	\$26,176,091	\$0	\$1,094,870	\$27,270,961
Net Pension Asset	0	(121,036)	0	(121,036)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2019 using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, 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	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, 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 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

During 2019, OPERS managed investments in three investment portfolios: the defined benefit portfolio, the health care portfolio and the defined contribution portfolio. The defined benefit portfolio contains the investment assets of the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. Within the defined benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the defined benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the defined benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the defined benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan, and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$43,172,845	\$26,176,091	\$10,896,508
OPERS Combined Plan	(73,135)	(121,036)	(155,558)

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent

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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's 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:

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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, but does not include investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. 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 the rates described previously. 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 Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what 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 assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$1,558,904	\$1,094,870	\$701,639

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2020, no members of the County have elected Social Security. The County’s liability is 6.2 percent of wages paid.

Note 9 – Defined Benefit OPEB Plans

Net OPEB Liability (Asset)

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

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 postemployment 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 separation, 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 services 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 postemployment benefit (OPEB) as described in GASB Statement 75. See OPERS' comprehensive annual financial report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 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 \$2,311 for 2020.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

State Teachers Retirement System (STRS Ohio)

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, 2021. 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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For 2020, STRS did not allocate any employer contributions to postemployment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an independent 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 respective retirement systems 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	0.125390%	0.00452492%	
Prior Measurement Date	0.132402%	0.00783808%	
Change in Proportionate Share	-0.0070120%	-0.0033132%	
Proportionate Share of the:			
Net OPEB Liability	\$17,319,559	\$0	\$17,319,559
Net OPEB Asset	0	(79,525)	(79,525)

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 employees 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, 2018, rolled forward to the measurement date of December 31, 2019. 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:

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.50 percent, initial 3.50 percent, ultimate in 2030
Prior Measurement date	10.00 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

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

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

During 2019, 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, if any contributions are made to the plans, are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7 percent for 2019.

The allocation of investment assets with the health care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The 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. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 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 the year 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
County's proportionate share of the net OPEB liability	\$22,665,421	\$17,319,559	\$13,039,263

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 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$16,808,474	\$17,319,559	\$17,824,129

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – STRS

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

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	3.00 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

Mortality Rates – 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.

Experience Studies – Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Investment Return Assumptions – STRS Ohio’s 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:

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. 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 of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care fund investments of 7.45 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, 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 of June 30, 2020 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.

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
County's proportionate share of the net OPEB asset	(\$69,192)	(\$79,525)	(\$88,293)
		<u>Current Trend Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	(\$87,748)	(\$79,525)	(\$69,508)

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Benefits Terms Changes Since the Prior Measurement Date

There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Note 10 – Debt Obligations

Primary Government

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's long-term obligations during 2020 is as follows:

Governmental Activities Long-Term Obligations

	Outstanding 12/31/19	Additions	Deletions	Outstanding 12/31/20	Due in One Year
<i>General Obligation Bonds:</i>					
2015 Police Vehicle Acq Bonds 2.25%	\$10,129	\$0	(\$10,129)	\$0	\$0
2015 Equipment Acq Bonds 2.25%	28,215	0	(28,215)	0	0
2015 EMS Equipment Acq Bonds 2.25%	65,461	0	(65,461)	0	0
2016 911 Equipment Acq Bonds 2.25%	27,815	0	(13,753)	14,062	14,062
2016 IT Equipment Acq Bonds 2.25%	82,679	0	(40,879)	41,800	41,800
2016 Sheriff Vehicle Acq Bonds 2.25%	97,413	0	(48,165)	49,248	49,248
2016 Dog Pound Vehicle Acq Bonds 2.25%	13,229	0	(6,541)	6,688	6,688
2018 EMS Acq Bonds 2.50%	188,300	0	(61,200)	127,100	62,800
2019 Center Street Acq Bonds 3.25%	415,000	0	(8,400)	406,600	8,600
2019 BOE Equipment Acq Bonds 3.10%	331,500	0	(28,800)	302,700	29,700
2019 Ambulance Acq Bonds 4.00%	200,000	0	(47,100)	152,900	49,000
2020 EMS Building Notes 3.175%	0	620,000	0	620,000	26,000
Direct Borrowing:					
2018 VP Improvement Bonds 3.76%	4,060,000	0	(5,000)	4,055,000	5,000
Subtotal General Obligation Bonds	5,519,741	620,000	(363,643)	5,776,098	292,898
Direct Borrowing:					
Lease Financing Agreement 2010 5.877%	441,102	0	(62,374)	378,728	68,811
<i>Long Term Notes:</i>					
Direct Borrowing:					
Road Improvement BAN 2011 4.73%	9,543	0	(4,648)	4,895	4,895
Total Governmental Long-Term Obligations	\$5,970,386	\$620,000	(\$430,665)	\$6,159,721	\$366,604

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Union-Rome Sewer Fund Obligations

	Outstanding 12/31/19	Additions	Deletions	Outstanding 12/31/20	Due in One Year
<i>OWDA Loans:</i>					
<i>Direct Borrowings:</i>					
2007 OWDA Loan #4781 3.25%	\$19,187,104	\$0	(\$825,424)	\$18,361,680	\$833,699
2009 OWDA Loan #5423 1.00%	829,470	0	(65,394)	764,076	66,049
2009 OWDA Loan #5424 1.00%	388,292	0	(30,612)	357,680	30,919
Subtotal OWDA Loans	20,404,866	0	(921,430)	19,483,436	930,667
<i>OPWC Loan:</i>					
<i>Direct Borrowing:</i>					
2009 OPWC Loan 0.00%	275,000	0	(13,750)	261,250	27,500
<i>General Obligation Bonds:</i>					
2020 Sewer Improvement Bonds 3.10%	0	1,540,000	0	1,540,000	134,000
<i>Total Union-Rome Sewer Fund Obligations</i>	<u>\$20,679,866</u>	<u>\$1,540,000</u>	<u>(\$935,180)</u>	<u>\$21,284,686</u>	<u>\$1,092,167</u>

The Police Vehicle Acquisition Series 2015 in the amount of \$48,464 were issued in November 2015 with a final maturity date of November 2020. These bonds were repaid from the sheriff's van debt service fund with the final payment made in 2020.

The Equipment Acquisition Bonds Series 2015 in the amount of \$135,000 were issued in July 2015 with a final maturity date of July 2020. These bonds were repaid from the Board of Elections debt service fund with the final payment made in 2020.

The EMS Equipment Acquisition Bonds Series 2015 in the amount of \$313,215 were issued in November 2015 with a final maturity date of November 2020. These bonds were repaid from the EMS debt service fund with the final payment made in 2020.

The 911 Equipment Acquisition Bonds Series 2016 in the amount of \$67,284 were issued in October 2016 with a final maturity date of October 2021. These bonds are being repaid from the 911 equipment debt service fund.

The IT Equipment Acquisition Bonds Series 2016 in the amount of \$200,000 were issued in September 2016 with a final maturity date of September 2021. These bonds are being repaid from the IT equipment debt service fund.

The Sheriff Vehicle Acquisition Bonds Series 2016 in the amount of \$235,641 were issued in October 2016 with a final maturity date of October 2021. These bonds are being repaid from the sheriff vehicle debt service fund.

The Dog Pound Vehicle Acquisition Bonds Series 2016 in the amount of \$32,000 were issued in October 2016 with a final maturity date of October 2021. These bonds are being repaid from the dog pound debt service fund.

The EMS Acquisition Bonds Series 2018 in the amount of \$248,000 were issued in February 2018 with the final maturity date of February 2022. These bonds will be repaid from the EMS debt service fund.

The Various Purpose Improvement Bonds Series 2018 in the amount of \$4,060,000 were issued in December 2018 with a final maturity of December 2038. These bonds will be repaid from the general debt service fund.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Center Street Building Acquisition Bonds Series 2019 in the amount of \$415,000 were issued in October 2019 with a final maturity date of October 2049. These bonds will be repaid from the 415 Center Street building debt service fund.

The Board of Elections Equipment Acquisition Bonds Series 2019 in the amount of \$331,500 were issued in October 2019 with a final maturity date of October 2029. These bonds will be repaid from the 2019 BOE equipment debt service fund.

The Ambulance Acquisition Bonds Series 2019 in the amount of \$200,000 were issued in May 2019 with a final maturity date of May 2023. These bonds will be repaid from the 2019 ambulance debt service fund.

The EMS Building Improvement Bonds Series 2020 in the amount of \$620,000 were issued in July 2020 with a final maturity date of July 2038. Repayment of these bonds will begin during 2021 at a 3.175 percent rate of interest.

The County entered into a lease financing agreement in February 2010 in the amount of \$820,522 for the purpose of various energy conservation improvements. In 2012, an addition was made to this lease in the amount of \$215,000. The lease financing agreement is being retired from the debt service fund, with the final payment made in 2019 on the 2012 portion of the lease. The original balance will mature in February 2025.

The County issued bond anticipation notes in the amount of \$40,000 on March 17, 2011 for the purpose of paying the County's share of making improvements to North Huntington Heights Road in the Village of Chesapeake. These notes have a 10 year amortization period. This long term note is being retired from the North Huntington Heights debt service fund.

Default Stipulations for Direct Borrowings and Remedies

In accordance with the lease agreement, upon the occurrence of an event of default, the lessor may, at its sole discretion, exercise any or all of the following remedies: 1) enforce the agreement by appropriate action to collect amounts due or to become due thereunder, by acceleration or otherwise, or to cause lessee to perform its other obligations thereunder in which event lessee shall be liable for all costs and expenses incurred by lessor; 2) enter upon lessee's premises and take possession of the equipment, without demand or notice and without court order or any process of law, and remove the same and re-lease or otherwise dispose of the equipment for lessee's account, in which event lessee waives any and all damages resulting therefrom and shall be liable for all costs and expenses, incurred by lessor in connection therewith and the difference, if any, between the amounts to be paid pursuant to paragraph 2 of the lease agreement and the amounts received and to be received by lessor in connection with any such re-letting; 3) terminate the agreement and repossess the equipment, in which event lessee shall be liable for any amounts payable thereunder through the date of such termination and all costs and expenses incurred by lessor in connection therewith; or 4) pursue and exercise any other remedy available at law or in equity, in which event lessee shall be liable for any and all costs and expenses incurred by lessor in connection therewith. In addition, as provided in paragraph 2 of the lease agreement, under no circumstances shall lessee be liable, under the Default and Lessor's Remedies paragraph, subsection (b) of the lease agreement, for any amount in excess of the sum appropriated for the previous and current fiscal years, less all amounts previously due and paid during such previous and current fiscal years from amounts so appropriated. Further, if lessee fails to pay any rental payment and such failure constitutes an event of default according to section 13(a)(i) of the lease agreement, lessee shall pay to lessor interest on such delinquent payment from the due date until paid at the highest legal rate per annum available under State law.

The 2018 Various Improvement Bonds and the 2011 Road Improvements BAN are also direct borrowings. However, the agreements for these issuances do not include stipulations for events of default.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending December 31,	General Obligation Principal	General Obligation Interest	Financing Agreement Principal	Financing Agreement Interest	Long-Term Note Principal	Long-Term Note Interest
2021	\$292,898	\$205,759	\$68,811	\$18,189	\$4,895	\$218
2022	356,800	195,011	72,116	14,884	0	0
2023	301,700	182,594	75,579	11,421	0	0
2024	255,000	171,449	79,209	7,791	0	0
2025	268,400	162,099	83,013	3,987	0	0
2026-2030	1,446,000	657,383	0	0	0	0
2031-2035	1,568,500	383,872	0	0	0	0
2036-2040	1,118,500	95,375	0	0	0	0
2041-2045	87,500	21,840	0	0	0	0
2046-2049	80,800	6,669	0	0	0	0
Total	\$5,776,098	\$2,082,051	\$378,728	\$56,272	\$4,895	\$218

The County received an OWDA Loan (#4781) dated 2007 for Union Rome Wastewater Treatment Plant improvements in the total amount of \$24,740,171. This loan has a 30 year payment period and will be paid off in July 2040. This debt is being paid from sewer charges.

The County received two OWDA loans to assist with the Union Rome Collection System Rehabilitation project. The first loan was for a total amount of \$2,002,432 and was repaid with ARRA principal forgiveness grants in prior years. The second loan (#5423) was for a total amount of \$1,329,787 with a 20 year payment period with a final payment due in July 2031.

The County received two OWDA loans to assist with the Union Rome Wastewater Treatment Plant Biosolids project. The first loan was for a total amount of \$732,403 and was repaid with ARRA principal forgiveness grants in prior years. The second loan (#5424) was for a total amount of \$622,500 with a 20 year payment period with a final payment due in July 2031.

The County received an Ohio Public Works Commission loan in 2009 in the amount of \$550,000 for wastewater treatment plant improvements. The debt is being paid from sewer charges. This loan will mature in January 2030.

In connection with the OWDA and OPWC loans, the County has pledged future customer revenues of the Union-Rome Sewer Fund net of specified operating expenses, to repay these loans. The loans are payable, through final maturities, from net revenues applicable to the Union-Rome Sewer Fund. Total principal and interest remaining on these loans at December 31, 2020 was \$19,744,686 and \$2,008,673, respectively. The net revenue available for these loans was (\$296,465) and principal and interest paid was \$1,136,932. The coverage ratio for the loans was (0.3) for the year ended December 31, 2020.

The Sewer Improvement Bonds Series 2020 in the amount of \$1,540,000 were issued in February 2020 with a final maturity date of March 2030. Repayment of these bonds will begin during 2021 at a 3.10 percent rate of interest.

Default Stipulations for Direct Borrowings and Remedies

The OPWC loans are subject to default stipulations. According to the OPWC loan agreements, if the County fails to make any payment due and is not corrected within thirty days, the amount in default shall bear interest thereafter at the default rate of 8 percent per annum from the date of default until the date of payment. In addition, the entire principal remaining unpaid, together with accrued interest and other charges shall, at OPWC's option, become immediately due and payment.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The OWDA loans are also direct borrowings. However, the agreements for these issuances do not include stipulations for events of default.

The Union-Rome Sewer Fund debt service requirements to maturity are as follows:

Year Ending December 31,	OPWC Principal	OWDA Principal	OWDA Interest	Sewer Improvement Bonds Principal	Sewer Improvement Bonds Interest
2021	\$27,500	\$930,667	\$192,514	\$134,000	\$48,536
2022	27,500	939,996	183,184	138,000	43,586
2023	27,500	949,420	173,760	142,000	39,308
2024	27,500	958,938	164,242	146,000	34,906
2025	27,500	968,552	154,628	151,000	30,380
2026-2030	123,750	4,990,365	625,536	829,000	78,647
2031-2035	0	4,806,164	377,961	0	0
2036-2040	0	4,939,334	136,848	0	0
Total	\$261,250	\$19,483,436	\$2,008,673	\$1,540,000	\$275,363

At December 31, 2020, the County's overall legal debt margin was \$32,067,882 with an unvoted debt margin of \$16,355,550.

Component Units

Lawrence County Port Authority

On December 7, 2009, the Port Authority entered into a loan agreement with Liberty Federal Bank to finance EMS stations. The Loan Agreement is for \$338,250 for thirty years and is collateralized by the associated assets being financed. The terms of the note provide among other things, for repayment in equal monthly installments including principal and 4.37 percent interest. The final payment was made during 2020.

On July 19, 2012, the Port Authority entered into a loan agreement with Ohio River Valley Bank (now Citizens Deposit Bank). The Loan Agreement is for \$700,000 for fifteen years and is collateralized by an open-end mortgage on the property. The terms of the note provide among other things, for repayment in equal monthly installments including principal and 3.30 percent initial interest, adjusting every 5 years based on the New York Prime Rate as published by the Wall Street Journal. The balance outstanding at December 31, 2020 was \$481,414.

Lawrence County Land Reutilization Corporation

The Corporation entered into an interest free loan agreement with Lawrence County. This loan had an outstanding balance of \$618,243 at December 31, 2020. The Corporation borrowed an additional \$130,613 during 2020 and paid \$97,492 in principal during 2020.

Note 11 – Jointly Governed Organizations

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services (ADAMH) Board

The ADAMH Board is responsible for the delivery of comprehensive mental health and substance abuse services in Adams, Lawrence, and Scioto Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by eighteen members, two appointed by the Commissioners of Adams County; three by the

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Commissioners of Lawrence County; five by the Commissioners of Scioto County; four by the Ohio Department of Alcohol and Drug Addiction Services; and four by the Ohio Department of Mental Health.

Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting, and management. Revenues are provided by state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board.

Private Industry Council (PIC)

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton Counties appointed by the County Commissioners from each county. The advisory council is the Governing Board of the PIC. The Board sets policies for the private industry council. State grants are received from the Ohio Department of Job and Family Services in the name of the Ironton-Lawrence County Community Action Organization, which acts as the council's administrative agent. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility. No contributions were provided to the Board by Lawrence County during 2020.

Ironton-Lawrence County Community Action Organization (CAO)

The CAO is an IRS 501(c)(3) non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Lawrence County. The CAO administers Community Development and Litter Control Block Grants for Lawrence County as well as similar grants for the City of Ironton. The CAO Board is comprised of public officials from the County, municipalities, villages, and townships within the County. Other members are representatives of the poor in the area served and officials or members of the private sector of the community. The CAO controls its own operations and budget. In 2020, the County paid the CAO \$259,200 for various services which include: provision of workforce investment act services, residential development services, the planning commission, and floodplain management. Additionally, the County paid Choices, Inc., whose properties, liabilities and assets are now managed by the CAO, \$2,315 during 2020.

The KYOVA Interstate Planning Commission

The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Article 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon Lawrence County for its continued existence. In 2020, the County made \$35,925 in contributions to the Commission.

Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve-county economic development planning district in southern Ohio.

The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

commissions. The Commission is not dependent upon Lawrence County for its existence. In 2020, the County made \$11,375 in contributions to the Commission.

Note 12 – Public Entity Shared Risk Pools

Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is a public entity shared risk pool that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington Counties. The Council was formed as an Ohio non-profit corporation for the purpose of establishing a shared risk pool to provide general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the Council based on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice President and two Governing Board Members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

Lawrence County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of the potential residual interest is therefore not possible. During 2020, Lawrence County paid \$283,517 to the Council for basic insurance coverage and claims.

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

Note 13 – Joint Venture

The Scioto-Lawrence Counties Joint Solid Waste District

The Scioto-Lawrence Counties Joint Solid Waste District is jointly operated by Scioto and Lawrence Counties for the purpose of making disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating and landfill. The Board of Directors consists of nine members, including one County Commissioner from each County.

Lawrence County contributed \$383,396 to the District during 2020. The Joint Venture was funded by Special Assessment monies collected. Continued existence of the District is dependent upon the County's continued participation; however, the County does not have an equity interest in the District. The District is not accumulating

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

Note 14 – Related Organization

Briggs-Lawrence County Public Library

The Briggs-Lawrence County Public Library is statutorily created as a separate and distinct political subdivision of the State. The Library is governed by a six member Board of Trustees appointed by the Judge of the Court of Common Pleas. While the County Budget Commission approves the budget and any tax levies the Library desires to place on the ballot, these are ministerial functions. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Library expenditures and do not rely on the County to finance deficits.

Note 15 – Contingent Liabilities

Primary Government

The County received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the County at December 31, 2020, if applicable, cannot be determined at this time, except as disclosed in the following paragraph.

A finding for recovery against the Temporary Assistance for Needy Family Federal Program in the amount of \$380,080 was identified by the Ohio Department of Job and Family Services (ODJFS) as a result of a special audit performed by ODJFS. ODJFS approved a repayment plan with annual payments of \$78,000 beginning in 2016. The final payment of \$68,080 was made during 2020.

The County is currently party to legal proceedings. However, management is of the opinion that the ultimate outcome of those proceedings will not have a material adverse effect on the County’s financial position.

Component Units

Currently, there is no pending litigation against the Lawrence County Port Authority, the Lawrence County Transportation Improvement District or the Lawrence County Land Reutilization Corporation.

Note 16 – Interfund Transfers

	Transfers In	Transfers Out
<i>Major Funds</i>		
General Fund	\$0	\$3,283,692
Motor Vehicle Gasoline Tax Fund	0	495,000
All Other Governmental Funds	5,518,806	1,740,114
Total All Funds	\$5,518,806	\$5,518,806

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers from the Motor Vehicle Gasoline Tax Fund and other governmental funds to other governmental funds were for debt service and capital improvement projects. All transfers were done in accordance with the Ohio Revised Code.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 17 – Related Party Transactions

Lawrence County Land Reutilization Corporation (the Corporation), a component unit of Lawrence County, entered into a reimbursement agreement with the County. The agreement provided that Lawrence County would incur costs related to County employees working on the land bank operations and other operational start up costs up front and those costs would be reimbursed to the County once the Corporation was financially able. As of December 31, 2020, the total dollar amounts of costs incurred was \$618,243. The amounts related to the services provided are expected to be repaid as the Corporation has available resources. The liability has not been recorded in the accompanying financial statements as these statements are reported on the cash basis.

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Lawrence County Commissioners to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County’s Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations. Lawrence County paid a total of \$147,637 to the Corporation in DTAC funds in 2020.

Note 18 – Significant Commitments

Contracts

At December 31, 2020, the County had the following significant contractual commitments in place.

Contractor/Contract	Contract Amount	Amount Paid as of December 31, 2020	Unpaid Balance
Amaazz Construction/Paving	\$832,691	\$355,581	\$477,110
The Shelly Company/OPWC Paving	847,908	397,908	450,000
Mullins Construction/EMS Station	620,000	519,967	100,033
Woolpert/Aerial Imagery	296,730	0	296,730

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or 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 fiscal year-end, the amounts of significant governmental fund encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<i>Major Governmental Funds:</i>	
General	\$322,191
Motor Vehicle Gasoline Tax	1,135,589
Nonmajor Governmental Funds	<u>3,175,038</u>
All Governmental Funds	<u>\$4,632,818</u>

Note 19 – Fund Balances

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

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balances	General	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax	Nonmajor Funds	Total Governmental Funds
<i>Nonspendable</i>						
Unclaimed Monies	\$156,948	\$0	\$0	\$0	\$0	\$156,948
<i>Restricted</i>						
Developmental Disabilities	0	5,916,974	0	0	0	5,916,974
Job and Family Services	0	0	202,719	0	0	202,719
Motor Vehicle and Gas Tax	0	0	0	5,136,762	0	5,136,762
Court Development	0	0	0	0	275,757	275,757
Delinquent Taxes	0	0	0	0	69,890	69,890
Indigent Drivers	0	0	0	0	141,337	141,337
Law Library	0	0	0	0	55,568	55,568
Indigent Guardianship	0	0	0	0	62,046	62,046
Juvenile/Probate Spec. Proj.	0	0	0	0	75,830	75,830
Concealed Handgun Law	0	0	0	0	80,129	80,129
Drug Law Enforcement	0	0	0	0	67,837	67,837
CP Ct. In-House Mediation	0	0	0	0	308,750	308,750
County Ct. Computerization	0	0	0	0	333,915	333,915
CP Ct. Computerization	0	0	0	0	52,459	52,459
Clk. of Cts. Computerization	0	0	0	0	50,773	50,773
Electronic Monitoring	0	0	0	0	51,337	51,337
Juvenile Ct. IV-D	0	0	0	0	211,958	211,958
Recorder Special Projects	0	0	0	0	230,673	230,673
Supervisory Fees	0	0	0	0	136,953	136,953
T Cap	0	0	0	0	110,324	110,324
Probate and Juvenile Court	0	0	0	0	196,416	196,416
Coronavirus Relief	0	0	0	0	1,384,832	1,384,832
Court Tech. Grants	0	0	0	0	150,000	150,000
Juvenile Court IV-E	0	0	0	0	138,909	138,909
Real Estate Assessment	0	0	0	0	741,729	741,729
Detention Home	0	0	0	0	84,967	84,967
Group Home Comm. Serv.	0	0	0	0	91,481	91,481
Care and Custody	0	0	0	0	342,362	342,362
Children Services	0	0	0	0	874,508	874,508
Family Resources	0	0	0	0	83,522	83,522
Child Welfare	0	0	0	0	53,359	53,359
Child Support	0	0	0	0	1,297,528	1,297,528
EMS	0	0	0	0	2,863,944	2,863,944
Prosecutor	0	0	0	0	110,609	110,609
Debt Service	0	0	0	0	61,727	61,727
Capital Projects	0	0	0	0	3,934,196	3,934,196
Other Purposes	0	0	0	0	724,462	724,462
Total Restricted	0	5,916,974	202,719	5,136,762	15,450,087	26,706,542
<i>Committed</i>						
Capital Projects	0	0	0	0	335,648	335,648

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balances	General	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax	Nonmajor Funds	Total Governmental Funds
<i>Assigned</i>						
Future Appropriations	\$1,918,447	\$0	\$0	\$0	\$0	\$1,918,447
Debt Service	0	0	0	0	2	2
Purchases on Order	307,330	0	0	0	0	307,330
Other Purposes	62,790	0	0	0	0	62,790
Total Assigned	2,288,567	0	0	0	2	2,288,569
Unassigned	4,453,996	0	0	0	0	4,453,996
Total Fund Balances	\$6,899,511	\$5,916,974	\$202,719	\$5,136,762	\$15,785,737	\$33,941,703

Note 20 – Compliance

The Ohio Administrative Code Section 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. Contrary to this requirement, the County elects to prepare its annual financial report in accordance with the cash basis of accounting. The County also did not file its annual financial report within sixty days as required by Ohio Revised Code Section 117.38 for cash basis entities.

Note 21 – New Accounting Principles and Restatement of Beginning Balances

For the year ended December 31, 2020, the County was required to implement Governmental Accounting Standards Board Statements No. 84, “Fiduciary Activities” and No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.”

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 provides that governments should report activities meeting certain criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and a statement of changes in fiduciary net position. Statement No. 84 also describes four fiduciary funds that should be reported, if applicable: pension/employee benefit trust funds; investment trust funds; private purpose trust funds; and custodial funds with fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Statement No. 88, among other things, clarifies which liabilities governments should include in their note disclosures related to debt. Statement No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. Statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement No. 88 also requires governments to disclose additional essential debt-related information for all types of debt, including: amounts of unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant: (a) events of default with finance-related consequences, (b) termination events with finance-related consequences, and (c) subjective acceleration clauses.

Changes in financial statement presentation and note disclosures have been incorporated with the implementation of GASB Statement No. 84. Beginning net position and fund balances have also been restated, as discussed below. Changes in note disclosures have been incorporated with the implementation of GASB Statement No. 88.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Additionally, the Board of Developmental Disabilities (the Board) had a previous external restriction on its fund balance, requiring the reservation of fund balance for contingencies. As such, the Board created a new fund and transferred these reserved monies accordingly. This restriction was subsequently rescinded. The Board opted to leave this fund's fund balance separated for budget stabilization, but this was not done by formal resolution. Therefore, the County restated beginning fund balances to combine that fund's fund balance with the general funds of the Board for financial reporting purposes.

	Governmental Activities	Business-Type Activities
Net Position, As Reported, December 31, 2019	\$23,182,974	\$1,959,730
GASB Statement No. 84:		
Payroll Clearing Account	585,957	8,128
Reclass of Funds	28,213	0
Property Tax Collections Due to County Funds	438,612	0
Segregated Cash	115,970	653
Net Position, As Restated, January 1, 2020	<u>\$24,351,726</u>	<u>\$1,968,511</u>

	General	Board of Developmental Disabilities	Job and Family Services
Fund Balance, As Reported, December 31, 2019	\$4,154,588	\$3,137,064	\$291,467
GASB Statement No. 84:			
Payroll Clearing Account	141,678	79,832	42,586
Reclass of Funds	0	0	0
Property Tax Collections Due to County Funds	188,523	125,352	0
Segregated Cash	0	0	0
Reclass of Fund Due to Restriction Expiration	0	294,771	0
Fund Balance, As Restated, January 1, 2020	<u>\$4,484,789</u>	<u>\$3,637,019</u>	<u>\$334,053</u>

	Motor Vehicle Gasoline Tax	All Other Governmental Funds	Total Governmental Funds
Fund Balance, As Reported, December 31, 2019	\$3,924,667	\$11,675,188	\$23,182,974
GASB Statement No. 84:			
Payroll Clearing Account	30,250	291,611	585,957
Reclass of Funds	0	28,213	28,213
Property Tax Collections Due to County Funds	0	124,737	438,612
Segregated Cash	0	115,970	115,970
Reclass of Fund Due to Restriction Expiration	0	(294,771)	0
Fund Balance, As Restated, January 1, 2020	<u>\$3,954,917</u>	<u>\$11,940,948</u>	<u>\$24,351,726</u>

	Union Rome Sewer
Net Position, As Reported, December 31, 2019	\$1,959,730
GASB Statement No. 84:	
Payroll Clearing Account	8,128
Segregated Cash	653
Net Position, As Restated, January 1, 2020	<u>\$1,968,511</u>

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 with the new fiduciary fund classification of

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

custodial funds while other funds have been reclassified as governmental and proprietary funds. These reclassifications had the following effect on beginning net position for custodial funds.

	<u>Custodial</u>
Net Position, As Reported, December 31, 2019	\$5,259,015
GASB Statement No. 84:	
Payroll Clearing Account	(594,085)
Reclass of Funds	(28,213)
Property Tax Collections Due to County Funds	(438,612)
Segregated Cash	<u>(116,623)</u>
Net Position, As Restated, January 1, 2020	<u>\$4,081,482</u>

Note 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 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 impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The County's investment portfolio and the investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

SUPPLEMENTARY INFORMATION

Lawrence County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2020

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity Identifying Number Additional Award Identification	Assistance Listing Number	Disbursements	Non-Cash Disbursements
United States Department of Agriculture				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	3L70	10.553	\$7,607	\$0
COVID-19 School Breakfast Program	3L70	10.553	4,014	0
Total School Breakfast Program			11,621	0
National School Lunch Program	3L60	10.555	14,226	2,299
COVID-19 National School Lunch Program	3L60	10.555	7,213	0
Total National School Lunch Program			21,439	2,299
Total Child Nutrition Cluster			33,060	2,299
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Supplemental Nutrition Assistance Program (SNAP/Food Assistance) Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	G-2021-11-5948	10.561	208,682	0
Total SNAP Cluster			208,682	0
<i>Direct from the Federal Government:</i>				
Law Enforcement Agreements	16-LE-11091400-010	10.704	7,164	0
Total United States Department of Agriculture			248,906	2,299
United States Department of Justice				
<i>Passed through the State of Ohio Attorney General:</i>				
Crime Victim Assistance:				
Crime Victim Assistance	2020-VOCA-132922983	16.575	104,917	0
Crime Victim Assistance	2021-VOCA-133917699	16.575	37,207	0
Total Crime Victim Assistance			142,124	
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program:				
Drugs and Major Crimes Task Force	2019-JG-A01-6284	16.738	29,306	0
Total Edward Byrne Memorial Justice Assistance Grant Program			29,306	0
Total United States Department of Justice			171,430	0
United States Department of Transportation				
<i>Direct from the Federal Government:</i>				
Airport Improvement Program:				
Airport Improvement Program	3-39-0107-009-2017	20.106	660	0
Airport Improvement Program	3-39-0107-010-2018	20.106	10,784	0
Total Airport Improvement Program			11,444	0
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	PID #97484	20.205	144,492	0
Highway Planning and Construction	PID #109323	20.205	130,955	0
Total Highway Planning and Construction Cluster			275,447	0
Total United States Department of Transportation			286,891	0
United States Department of the Treasury				
Coronavirus Relief Fund:				
<i>Passed Through Ohio Department of Education:</i>				
COVID-19 Coronavirus Relief Fund	N/A	21.019	14,065	0
<i>Direct from the Federal Government:</i>				
COVID-19 Coronavirus Relief Fund	N	21.019	111,472	0
<i>Passed Through Ohio Supreme Court:</i>				
COVID-19 Coronavirus Relief Fund-Remote Technology Grant	20-RTG-0100	21.019	17,002	0
COVID-19 Coronavirus Relief Fund-Remote Technology Grant	20-RTG-0100	21.019	21,182	0
<i>Passed Through Ohio Office of Budget and Management:</i>				
COVID-19 Coronavirus Relief Fund	HB481-CRF-Local	21.019	2,133,483	0
Total Coronavirus Relief Fund			2,297,204	0
Total United States Department of the Treasury			2,297,204	0

(continued)

Lawrence County
Schedule of Federal Awards Expenditures (continued)
For the Year Ended December 31, 2020

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity Identifying Number Additional Award Identification	Assistance Listing Number	Disbursements	Non-Cash Disbursements
United States Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education_Grants to States	3M20	84.027	\$50,511	\$0
Special Education_Preschool Grants	3C50	84.173	21,041	0
Total Special Education Cluster (IDEA)			71,552	0
COVID-19 Governor's Emergency Education Relief (GEER) Fund	3HQ0	84.425C	24,180	0
Total United States Department of Education			95,732	0
United States Department of Health and Human Services				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Children's Health Insurance Program	G-2021-11-5948	93.767	24,614	0
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Temporary Assistance for Needy Families	G-2021-11-5948	93.558	1,743,935	0
MaryLee Allen Promoting Safe and Stable Families Program	G-2021-11-5948	93.556	16,442	0
Child Support Enforcement	G-2021-11-5948	93.563	563,086	0
Stephanie Tubbs Jones Child Welfare Services Program	G-2021-11-5948	93.645	121,510	0
Adoption Assistance	G-2021-11-5948	93.659	1,480	0
Foster Care_Title IV-E	G-2021-11-5948	93.658	574	0
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	G-2021-11-5948	93.575	112,549	0
Total Child Care Development Fund Cluster			112,549	0
Social Services Block Grant:				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Social Services Block Grant	G-2021-11-5948	93.667	941,758	0
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	45,350	0
Total Social Services Block Grant			987,108	0
Medicaid Cluster:				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Medical Assistance Program	G-2021-11-5948	93.778	1,136,844	0
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Medical Assistance Program	N/A	93.778	199,623	0
Total Medicaid Cluster			1,336,467	0
Total United States Department of Health and Human Services			4,907,765	0
United States Election Assistance Commission (EAC)				
<i>Passed Through Ohio Secretary of State:</i>				
Help America Vote Act Requirement Payments:				
COVID-19 Help America Vote Act Requirement Payments	N/A	90.401	51,493	0
Help America Vote Act Requirement Payments	N/A	90.401	40,158	0
Total Help America Vote Act Requirement Payments			91,651	0
Total United States Election Assistance Commission (EAC)			91,651	0
United States Department of Homeland Security				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	36,880	0
Total Emergency Management Performance Grants			36,880	0
Total United States Department of Homeland Security			36,880	0
Total Federal Awards Expenditures			\$8,136,459	\$2,299

N - direct from federal government.

N/A - pass-through entity number not available.

See the accompanying notes to the schedule of federal awards expenditures.

Lawrence County
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2020

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) includes the federal award activity of Lawrence County (the County) under programs of the federal government for the year ended December 31, 2020. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

Note 2 – 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Matching Requirements

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the federally-funded programs. The County has complied with applicable matching requirements. The expenditure on non-federal matching funds is not included in the schedule.

Note 4 – Food Donation

The County reports commodities consumed on the schedule at the entitlement value. The County allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.

Note 5 – Child Nutrition Cluster

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

Note 6 – Transfer Between Federal Program

During 2020, the County made allowable transfers of \$80,000 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2020 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$1,823,935
Social Services Block Grant	<u>(80,000)</u>
Total Temporary Assistance for Needy Families	<u>\$1,743,935</u>

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to cash-basis financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Lawrence County's basic financial statements, and have issued our report thereon dated November 18, 2021, wherein we noted Lawrence County uses a special purpose framework other than accounting principles generally accepted in the United States of America. In addition, as described in Note 21 to the financial statements, Lawrence County adopted Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Furthermore, as described in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods. Our report refers to other auditors who audited the financial statements of the Lawrence County Port Authority, a discretely presented component unit of Lawrence County, as described in our report on Lawrence County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-002 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrence County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-001 and 2020-002.

Lawrence County's Responses to Findings

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

Purpose of this Report

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



Julian & Grube, Inc.
November 18, 2021

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Lawrence County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lawrence County's major federal programs for the year ended December 31, 2020. Lawrence County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lawrence County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lawrence County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Lawrence County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Lawrence County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lawrence County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lawrence 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 18, 2021

LAWRENCE COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses 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 internal control weaknesses 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 (listed):	COVID-19 - Coronavirus Relief Fund (CFDA # 21.019); and Medicaid Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

LAWRENCE COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Noncompliance – Annual Financial Report:

Ohio Revised Code Section 117.38 provides 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 Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 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 (GAAP).

The County prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the County being fined or other administrative remedies.

We recommend the County prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Finding Number	2020-002
----------------	----------

Noncompliance/Material Weakness – Title Reconciliation:

Ohio Revised Code Section 2335.25 states that each clerk of a court of record, the sheriff, and the prosecuting attorney shall enter in a journal or cashbook, provided at the expense of the county, an accurate account of all moneys collected or received in his official capacity, on the days of the receipts, and in the order of time so received, with a minute of the date and suit, or other matter, on account of which the money was received. The cashbook shall be a public record of the office, and shall, on the expiration of the term of each such officer, be delivered to his successor in office. The clerk shall be the receiver of all moneys payable into his office, whether collected by public officers of the court or tendered by other persons and, on request, shall pay the moneys to the persons entitled to receive them. The clerk of the court of common pleas or of the county court may deposit moneys payable into his office in a bank or building and loan association, as defined in section 1151.01 of the Revised Code, subject to section 131.11 of the Revised Code.

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

LAWRENCE COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-002 (Continued)

Noncompliance/Material Weakness – Title Reconciliation (Continued)

The Clerk of Courts Title Office Clerk is responsible for reconciling the Clerk of Courts book (fund) balance to the total bank balance on a monthly basis, and the Clerk of Courts is responsible for reviewing the reconciliations and related support.

The Clerk of Courts uses one checking account to account for the disbursement and depository activity of the Court’s activities. We identified the following conditions related to the Clerk of Courts book to bank reconciliation process:

- The Deputy Clerk of Courts prepared monthly cash reconciliations for the checking account which consisted of a month end bank balance, reconciling items (outstanding checks and deposits in transit), and a calculated amount due to the County; this calculated amount due to the County reconciles to the monthly County Remittance Summary, but there are several unexplainable additions and subtractions to produce this balance.
- The Clerk of Courts does not maintain a cash book with a running cash balance that could be used in the reconciliation process.
- There was no evidence that the cash balance is reconciled monthly to open items.
- There was no evidence that anyone in the Clerk of Courts Office reviewed and approved the monthly calculation of book balances for the checking account under the control of the Clerk of Courts. Also, there was no evidence of an appropriate reconciliation of the cash book balances to the bank statements.
- There was no explanation provided for variances between cash receipts and cash disbursements for each month that was tested.

In addition, the Clerk of Courts Office included on its reconciliation a list of outstanding checks. However, this listing was not true outstanding checks as many of the disbursements had not been authorized to be electronically transferred as of December 31, 2020. The estimated reconciled balance utilized by the County in the compilation of the financial statements was understated by these amounts.

Failure to maintain an appropriate cash book with a running cash balance results in insufficient record-keeping to allow for proper reconciliation processes. Failure to prepare complete and accurate reconciliations between the cash book balances, the bank statements, and the open items increases the possibility that the Clerk of Courts will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could allow other irregularities to go undetected.

We recommend that the Clerk of Courts implement the use of a cash book, complete with a running cash balance. Additionally, a reconciliation process should be implemented to account for the difference between the cash balances in the cash book and the cash balance according to the bank statement. We also recommend a reconciliation process be implemented to reconcile the bank balance and the open items. We recommend the preparers of reconciliations sign and date when the reconciliation is completed and that any variance between the reconciled cash book balance and the bank statement activity be timely investigated, documented and corrected by the Clerk of Courts. We further recommend that management review and approve in writing all cash reconciliations prepared for the checking account under the control of the Clerk of Courts.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Lawrence County Auditor

Paul David Knipp

Veteran's Square Ironton, Ohio 45638
Telephone (740)-533-4310 Fax (740)-533-4381
E-mail "ckline@lawrencegov.org"

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(b) DECEMBER 31, 2020

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	Unknown	<u>Noncompliance</u> - Ohio Admin. 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. However, the County prepared its financial statements in accordance with the cash basis of accounting.	Not Corrected	Finding repeated as 2020-001 as the County prepared cash basis financial statements.
2019-002	2018	<u>Material Weakness – Financial Statement Errors</u> - A monitoring system by the County should be in place to prevent or detect misstatements for the fair presentation of the County's financial statements. Misclassifications of charges for services, property taxes and intergovernmental receipts were identified. Additionally, errors in segregated accounts, debt balances, fund balance classifications, budget to actual statements and in discretely presented component unit presentation were noted.	Corrective Action Taken and Finding Fully Corrected	N/A

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-003	2019	<p><u>Noncompliance/Material Weakness – Title Reconciliation</u> - Ohio Revised Code Section 2335.25 states that each clerk of a court of record, the sheriff, and the prosecuting attorney shall enter in a journal or cashbook, provided at the expense of the county, an accurate account of all moneys collected or received in his official capacity, on the days of the receipts, and in the order of time so received, with a minute of the date and suit, or other matter, on account of which the money was received. The Clerk of Courts uses one checking account to account for the disbursement and depository activity of the Court’s activities. The following conditions related to the Clerk of Courts book to bank reconciliation process were noted:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Deputy Clerk of Courts prepared monthly cash reconciliations for the checking account which consisted of a month end bank balance, reconciling items (outstanding checks and deposits in transit), and a calculated amount due to the County; this calculated amount due to the County reconciles to the monthly County Remittance Summary, but there were several unexplainable additions and subtractions to produce the balance. <input type="checkbox"/> The Clerk of Courts did not maintain a cash book with a running cash balance that could be used in the reconciliation process. <input type="checkbox"/> There was no evidence that the cash balance was reconciled monthly to open items. <input type="checkbox"/> There was no evidence that anyone in the Clerk of Courts Office reviewed and approved the monthly calculation of book balances for the checking account under the control of the Clerk of Courts. Also, there was no evidence of an appropriate reconciliation of the cash book balances to the bank statements. <p>In addition, the Clerk of Courts Office included on its reconciliation a list of outstanding checks. However, this listing was not true outstanding checks as many of the disbursements had not been authorized to be electronically transferred as of December 31, 2019. The estimated reconciled balance utilized by the County in the compilation of the financial statements was understated by these amounts.</p>	Not Corrected	Finding repeated as 2020-002 as the County did not implement any additional procedures.

Lawrence County Auditor

Paul David Knipp

Veteran's Square Ironton, Ohio 45638
Telephone (740)-533-4310 Fax (740)-533-4381
E-mail "ckline@lawrencegov.org"

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	It is not cost beneficial for the county to file its financial statements on a GAAP basis.	Unknown	Paul David Knipp, Auditor
2020-002	The County has contracted with a CPA firm to resolve these issues.	January 1, 2022	Michael Patterson, Clerk of Courts

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



LAWRENCE 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 10/18/2022

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

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