FAYETTE COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

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Board of County Commissioners
Fayette County
133 South Main Street
Washington Courthouse, Ohio 43160

We have reviewed the *Independent Auditor's Report* of Fayette County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2022 through December 31, 2022. 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. Fayette County is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 04, 2023

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For the Year Ended December 31, 2022

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Fayette County
133 South Main Street, Suite 303
Washington Courthouse, Ohio 43160

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fayette County, (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General, County Board of Developmental Disabilities, and Motor Vehicle Gas Tax Funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter – Accounting Basis

Ohio Administrative Code 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. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter – COVID-19

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Federal Awards Expenditures as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023 on our consideration of the 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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Millhuff-Stang CPA Inc.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

September 18, 2023

Fayette County
Statement of Net Position - Cash Basis
As of December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$37,171,601	$3,539,009	$40,710,610
Cash and Cash Equivalents in Segregated Accounts	555,117	0	555,117
Cash and Cash Equivalents with Fiscal Agents	90,406	0	90,406
Total Assets	37,817,124	3,539,009	41,356,133
Net Position			
Restricted for:			
Debt Service	1,863,596	0	1,863,596
Capital Outlay	2,131,887	244,705	2,376,592
Legislative and Executive	4,320,425	0	4,320,425
Judicial	1,390,563	0	1,390,563
Public Safety	2,096,311	0	2,096,311
Public Works	5,086,222	0	5,086,222
Health	5,576,435	0	5,576,435
Human Services	1,489,075	0	1,489,075
Conservation and Recreation	337,396	0	337,396
Economic Development	231,200	0	231,200
Unclaimed Monies	526,692	0	526,692
Unrestricted	12,767,322	3,294,304	16,061,626
Total Net Position	$37,817,124	$3,539,009	$41,356,133

See accompanying notes to the basic financial statements.

Fayette County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

		Program Receipts		
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental Activities				
Current:				
General Government:				
Legislative and Executive	$6,600,112	$2,001,704	$1,245,107	$0
Judicial	2,606,359	602,461	778,680	0
Public Safety	8,396,489	2,665,066	544,619	0
Public Works	7,263,466	466,564	6,139,715	0
Health	3,785,720	204,592	1,502,511	0
Human Services	8,102,815	1,016,457	5,925,275	0
Conservation and Recreation	1,107,674	303,368	58,309	0
Economic Development and Assistance	30,721	0	20,000	0
Urban Redevelopment and Housing	161,496	35,978	0	0
Capital Outlay	1,410,637	0	0	571,646
Intergovernmental	218,578	0	286,408	0
Debt Service:				
Principal Retirement	504,542	31,511	0	7,486
Interest and Fiscal Charges	518,943	5,496	0	0
Total Governmental Activities	40,707,552	7,333,197	16,500,624	579,132
Business-Type Activities				
Water	1,403,542	1,180,250	0	0
Sewer	441,945	360,131	10,252	0
Sanitary Revenue Waste	1,263,035	1,670,769	0	0
Total Business-Type Activities	3,108,522	3,211,150	10,252	0
Total Primary Government	$43,816,074	$10,544,347	$16,510,876	$579,132

General Receipts and Advances
Property Taxes Levied for:
General Purposes
Board of Developmental Disabilities
Emergency Medical Services
Adult Detention
Debt Service
Sales Taxes
Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Earnings on Investments
Miscellaneous
Proceeds from OWDA Loans
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Advances
Total General Receipts and Advances

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		
Governmental Activities	Business-Type Activities	Total
($3,353,301)	$0	($3,353,301)
(1,225,218)	0	(1,225,218)
(5,186,804)	0	(5,186,804)
(657,187)	0	(657,187)
(2,078,617)	0	(2,078,617)
(1,161,083)	0	(1,161,083)
(745,997)	0	(745,997)
(10,721)	0	(10,721)
(125,518)	0	(125,518)
(838,991)	0	(838,991)
67,830	0	67,830
(465,545)	0	(465,545)
(513,447)	0	(513,447)
(16,294,599)	0	(16,294,599)
0	(223,292)	(223,292)
0	(71,562)	(71,562)
0	407,734	407,734
0	112,880	112,880
(16,294,599)	112,880	(16,181,719)
2,142,120	0	2,142,120
2,228,452	0	2,228,452
1,022,026	0	1,022,026
668,256	0	668,256
1,069,894	0	1,069,894
9,437,174	0	9,437,174
488,721	0	488,721
1,271,930	0	1,271,930
552,197	0	552,197
920,456	310,745	1,231,201
8,821	0	8,821
55,292	0	55,292
(100,000)	100,000	0
19,765,339	410,745	20,176,084
3,470,740	523,625	3,994,365
34,346,384	3,015,384	37,361,768
$37,817,124	$3,539,009	$41,356,133

Fayette County

Statement of Assets and Fund Balances - Cash Basis

Governmental Funds

As of December 31, 2022

	General	County Board of Developmental Disabilities	Motor Vehicle Gas Tax	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$12,689,143	$4,771,759	$4,929,697	$14,254,310	$36,644,909
Cash and Cash Equivalents in Segregated Accounts	52,829	0	0	502,288	555,117
Cash and Cash Equivalents with Fiscal Agents	0	90,406	0	0	90,406
Restricted Cash and Cash Equivalents	526,692	0	0	0	526,692
Total Assets	$13,268,664	$4,862,165	$4,929,697	$14,756,598	$37,817,124
Fund Balances					
Nonspendable	$526,692	$0	$0	$0	$526,692
Restricted	0	4,862,165	4,929,697	14,731,248	24,523,110
Committed	0	0	0	25,350	25,350
Assigned	763,814	0	0	0	763,814
Unassigned	11,978,158	0	0	0	11,978,158
Total Fund Balances	$13,268,664	$4,862,165	$4,929,697	$14,756,598	$37,817,124

See accompanying notes to the basic financial statements.

Fayette County

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2022

	General	County Board of Developmental Disabilities	Motor Vehicle Gas Tax	Nonmajor Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	$2,142,120	$2,228,452	$0	$2,760,176	$7,130,748
Sales Taxes	9,072,569	0	364,605	0	9,437,174
Other Local Taxes	0	0	0	488,721	488,721
Special Assessments	0	0	0	147,216	147,216
Charges for Services	3,428,152	51,437	188,063	3,088,391	6,756,043
Licenses and Permits	6,984	0	0	0	6,984
Fines and Forfeitures	75,967	0	23,053	175,637	274,657
Intergovernmental	1,057,902	1,243,775	5,314,157	10,533,149	18,148,983
Interest	552,197	0	13,940	526	566,663
Rent	0	61,835	0	86,462	148,297
Contributions and Donations	0	0	0	188,237	188,237
Other	466,425	26,171	133,584	294,276	920,456
Total Receipts	16,802,316	3,611,670	6,037,402	17,762,791	44,214,179
Disbursements					
Current:					
General Government:					
Legislative and Executive	4,436,850	0	0	2,163,262	6,600,112
Judicial	1,879,475	0	0	726,884	2,606,359
Public Safety	5,669,389	0	0	2,727,100	8,396,489
Public Works	676,692	0	5,873,954	712,820	7,263,466
Health	123,449	3,105,888	0	556,383	3,785,720
Human Services	527,599	0	0	7,575,216	8,102,815
Conservation and Recreation	973,627	0	0	134,047	1,107,674
Economic Development and Assistance	0	0	0	30,721	30,721
Urban Redevelopment and Housing	161,496	0	0	0	161,496
Capital Outlay	715,231	0	0	695,406	1,410,637
Intergovernmental	0	0	0	218,578	218,578
Debt Service:					
Principal Retirement	0	0	0	504,542	504,542
Interest and Fiscal Charges	0	0	0	518,943	518,943
Total Disbursements	15,163,808	3,105,888	5,873,954	16,563,902	40,707,552
Excess of Receipts Over Disbursements	1,638,508	505,782	163,448	1,198,889	3,506,627
Other Financing Sources (Uses)					
Transfers In	660,991	0	59,000	1,287,449	2,007,440
Proceeds from OWDA Loans	0	0	0	8,821	8,821
Proceeds from Sale of Assets	0	9,250	40,817	5,225	55,292
Advances In	637,451	0	0	579,517	1,216,968
Transfers Out	(1,312,079)	0	0	(695,361)	(2,007,440)
Advances Out	(679,517)	0	0	(637,451)	(1,316,968)
Total Other Financing Sources (Uses)	(693,154)	9,250	99,817	548,200	(35,887)
Net Change in Fund Balances	945,354	515,032	263,265	1,747,089	3,470,740
Fund Balances at Beginning of Year-Restated	12,323,310	4,347,133	4,666,432	13,009,509	34,346,384
Fund Balances at End of Year	$13,268,664	$4,862,165	$4,929,697	$14,756,598	$37,817,124

See accompanying notes to the basic financial statements.

Fayette County

Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)

General Fund

For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$2,202,000	$2,101,507	$2,118,488	$16,981
Sales Taxes	8,200,000	9,072,569	9,072,569	0
Charges for Services	2,694,683	3,059,060	3,087,177	28,117
Licenses and Permits	1,900	3,045	3,045	0
Fines and Forfeitures	145,500	145,499	145,499	0
Intergovernmental	926,000	1,048,412	1,048,412	0
Interest	150,000	427,551	552,197	124,646
Other	587,000	873,241	319,087	(554,154)
Total Receipts	14,907,083	16,730,884	16,346,474	(384,410)
Disbursements				
Current:				
General Government:				
Legislative and Executive	4,592,740	4,398,288	4,388,329	9,959
Judicial	2,307,820	1,952,181	1,952,156	25
Public Safety	5,558,136	5,959,899	5,842,242	117,657
Public Works	848,501	739,032	739,032	0
Health	213,792	175,231	175,231	0
Human Services	498,292	558,066	558,066	0
Conservation and Recreation	840,547	1,032,931	1,032,931	0
Urban Redevelopment and Housing	511,409	520,077	175,181	344,896
Capital Outlay	294,312	765,231	765,231	0
Total Disbursements	15,665,549	16,100,936	15,628,399	472,537
Excess of Receipts Over (Under) Disbursements	(758,466)	629,948	718,075	88,127
Other Financing Sources (Uses)				
Transfers In	701,091	660,991	660,991	0
Advances In	0	637,451	637,451	0
Transfers Out	(920,455)	(1,312,079)	(1,312,079)	0
Advances Out	0	(679,517)	(679,517)	0
Total Other Financing Sources (Uses)	(219,364)	(693,154)	(693,154)	0
Net Change in Fund Balances	(977,830)	(63,206)	24,921	88,127
Fund Balances at Beginning of Year	10,568,015	10,568,015	10,568,015	0
Prior Year Encumbrances Appropriated	417,595	417,595	417,595	0
Fund Balances at End of Year	$10,007,780	$10,922,404	$11,010,531	$88,127

See accompanying notes to the basic financial statements.

Fayette County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
County Board of Developmental Disabilities Fund
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$2,652,407	$2,199,548	$2,217,911	$18,363
Charges for Services	114,744	51,437	51,437	0
Intergovernmental	618,683	1,243,775	1,243,775	0
Rent	0	61,835	61,835	0
Other	0	26,171	26,171	0
Total Receipts	3,385,834	3,582,766	3,601,129	18,363
Disbursements				
Current:				
Health	3,386,016	3,442,374	3,108,725	333,649
Total Disbursements	3,386,016	3,442,374	3,108,725	333,649
Excess of Receipts Over (Under) Disbursements	(182)	140,392	492,404	352,012
Other Financing Sources				
Proceeds from Sale of Assets	0	9,250	9,250	0
Total Other Financing Sources	0	9,250	9,250	0
Net Change in Fund Balances	(182)	149,642	501,654	352,012
Fund Balances at Beginning of Year	4,154,279	4,154,279	4,154,279	0
Fund Balances at End of Year	$4,154,097	$4,303,921	$4,655,933	$352,012

See accompanying notes to the basic financial statements.

Fayette County

Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)

Motor Vehicle Gas Tax Fund

For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Sales Taxes	$375,000	$364,605	$364,605	$0
Charges for Services	123,460	123,460	188,063	64,603
Fines and Forfeitures	20,000	23,053	23,053	0
Intergovernmental	4,825,000	5,277,964	5,314,157	36,193
Interest	11,000	12,897	13,940	1,043
Other	286,540	387,998	133,584	(254,414)
Total Receipts	5,641,000	6,189,977	6,037,402	(152,575)
Disbursements				
Current:				
Public Works	5,886,173	7,078,685	6,465,357	613,328
Total Disbursements	5,886,173	7,078,685	6,465,357	613,328
Excess of Receipts Under Disbursements	(245,173)	(888,708)	(427,955)	460,753
Other Financing Sources				
Transfers In	59,000	59,000	59,000	0
Proceeds from Sale of Assets	0	0	40,817	40,817
Total Other Financing Sources	59,000	59,000	99,817	40,817
Net Change in Fund Balances	(186,173)	(829,708)	(328,138)	501,570
Fund Balances at Beginning of Year	4,434,118	4,434,118	4,434,118	0
Prior Year Encumbrances Appropriated	213,045	213,045	213,045	0
Fund Balances at End of Year	$4,460,990	$3,817,455	$4,319,025	$501,570

See accompanying notes to the basic financial statements.

Fayette County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
As of December 31, 2022

	Water District Revenue	Nonmajor Enterprise	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$2,367,566	$1,171,443	$3,539,009
Total Assets	2,367,566	1,171,443	3,539,009
Net Position			
Restricted for Capital Outlay	244,705	0	244,705
Unrestricted	2,122,861	1,171,443	3,294,304
Total Net Position	$2,367,566	$1,171,443	$3,539,009

See accompanying notes to the basic financial statements.

Fayette County

Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2022

	Water District Revenue	Nonmajor Enterprise	Total Enterprise Funds
Operating Receipts			
Charges for Services	$1,180,250	$2,030,900	$3,211,150
Other	109,351	201,394	310,745
Total Operating Receipts	1,289,601	2,232,294	3,521,895
Operating Disbursements			
Personal Services	220,104	426,852	646,956
Contractual Services	165,366	770,913	936,279
Materials and Supplies	27,663	92,767	120,430
Capital Outlay	298,910	29,342	328,252
Other Operating	109,167	211,234	320,401
Total Operating Disbursements	821,210	1,531,108	2,352,318
Operating Income	468,391	701,186	1,169,577
Nonoperating Receipts (Disbursements)			
Advances In	100,000	0	100,000
Debt Service:			
Principal Retirement	(552,779)	(162,222)	(715,001)
Interest and Fiscal Charges	(29,553)	(11,650)	(41,203)
Total Nonoperating Receipts (Disbursements)	(482,332)	(173,872)	(656,204)
Income (Loss) Before Contributions	(13,941)	527,314	513,373
Special Assessments	0	10,252	10,252
Change in Net Position	(13,941)	537,566	523,625
Net Position Beginning of Year	2,381,507	633,877	3,015,384
Net Position End of Year	$2,367,566	$1,171,443	$3,539,009

See accompanying notes to the basic financial statements.

Fayette County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
As of December 31, 2022

	Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	$3,659,041
Cash and Cash Equivalents in Segregated Accounts	4,140,568
Total Assets	7,799,609
Net Position	
Restricted for Individuals, Organizations, and Other Governments	7,799,609
Total Net Position	$7,799,609

See accompanying notes to the basic financial statements.

Fayette County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial
Additions	
Intergovernmental	$3,802,937
Amounts Received as Fiscal Agent	5,138,022
Licenses, Permits, and Fees for Other Governments	4,976,221
Fines and Forfeitures for Other Governments	1,182,870
Property Tax Collections for Other Governments	38,996,860
Sheriff Sale Collections for Others	237,889
Amounts Received for Others	3,759,648
Other	333,317
Total Additions	58,427,764
Deductions	
Distributions as Fiscal Agent	5,398,285
Distributions of State Funds to Other Governments	3,990,349
Distributions to the State of Ohio	4,789,487
Property Tax Distributions to Other Governments	38,632,648
Sheriff Sale Distributions to Others	236,325
Distributions to Other Governments	1,176,496
Distributions to Individuals	291,593
Other Distributions	277,600
Total Deductions	54,792,783
Change in Net Position	3,634,981
Net Position at Beginning of Year-Restated	4,164,628
Net Position at End of Year	$7,799,609

See accompanying notes to the basic financial statements.

Note 1 – Reporting Entity

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

Although elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

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

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

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

The Fayette County Land Reutilization Corporation (Land Bank) was formed on January 22, 2019, as a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724, to strengthen neighborhoods in the County by returning vacant and abandoned properties to productive use. The Land Bank has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property within the County. The Land Bank will assist and facilitate activities of governmental entities in assembling and clearing title to land for economic development purposes. The Land Bank is governed by a seven member Board of Directors, consisting of two County Commissioners, the County Treasurer, the County Auditor, one representative from the municipal corporation with the largest population (City of Washington Court House), and two representatives from Fayette County. The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, and the County is able to impose its will on the operation of the Lank Bank, the relationship between the County and the Land Bank is such that exclusion could cause the County's financial statements to be misleading. However, since no material financial activity has occurred, no financial information relating to the Land Bank is presented in the County's financial statements.

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

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

Paint Valley Board of Alcohol, Drug Addiction, and Mental Health Services – The Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services (ADAMHS) of Pike, Fayette, Highland, Pickaway and Ross Counties is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board received revenue from the participating counties and received federal and state funding through grant monies which are applied for and received by the Board of Trustees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Fayette County contributed $625,462 to Paint Valley ADAMHS in 2022.

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

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

The Center's revenue is from per diem charges for inmates to the respective counties and a percent of the county tax base to the total base. Ross County is the fiscal agent of the Center. Fayette County does not have any financial interest or responsibility. During 2022, Fayette County contributed $238,307 to the Center.

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

Ross, Pickaway, Highland, Fayette Counties Joint Solid Waste District – The Ross, Pickaway, Highland, Fayette Joint Solid Waste District (the District) is a jointly governed organization among Pickaway, Ross, Highland and Fayette Counties. Each of these governments supports the District. The County contributed $50,612 during 2022. The Board of Directors consists of twelve members, the three County Commissioners of each of the four counties. The District does not have any outstanding debt. The District is self-sufficient, operating entirely on collected fees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

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

West Central Ohio Port Authority – The West Central Ohio Port Authority is a jointly governed organization. It was established under Section 4582.21 of the Ohio Revised Code. Under the Revised Code, the Port Authority is a legally separate entity. The Board of the Authority is comprised of seven members: two members from Champaign County, three from Clark County, and two from Fayette County. The members are appointed by the County Commissioners of each respective county. Fayette County does not approve its budget, nor is it responsible for the Authority's debt. During 2022, the County did not contribute any money to the Authority. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

County Risk Sharing Authority, Inc. – The County Risk Sharing Authority, Inc., is a shared risk pool among sixty-six counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official's errors and omissions liability insurance.

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

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

The participating counties have no responsibility for the payment of the certificates. The Certificates were retired on May 1, 1997. The County has no equity interest in CORSA. The County's payment for insurance to CORSA in 2022 was $213,176. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus. Ohio.

Southern Ohio Council of Governments – The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member board with each participating County represented by its Director of its Board of Development Disabilities (BDD). The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as a fiscal agent for the Fayette County BDD's supportive living program monies. The County had a $90,406 balance on hand with the Council which included investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, 167 West Main Street, Chillicothe, Ohio 45601.

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

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

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 commissions. The Commission is not dependent upon Fayette County for its existence. In 2022, the County made $5,420 in contributions to the Commission.

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

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

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

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

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

Proprietary Funds

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

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

The nonmajor enterprise funds of the County account for sewer and sanitary waste 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 (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The County has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. Custodial funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Basis of Accounting

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

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The County had chosen not to budget and appropriate for advances. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

Cash and Investments

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

Cash and cash equivalents that are held for unclaimed monies are presented as "Restricted Cash and Cash Equivalents" on the financial statements.

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

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

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

During 2022, the County invested funds in the State Treasury Asset Reserve of Ohio (STAROhio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits and redemptions of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund, Motor Vehicle Gas Tax, and nonmajor governmental funds during 2022 totaled $552,197, $13,940, and $526, respectively.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. 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

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

Interfund Receivables/Payables

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

Accumulated Leave

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

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 12 and 13 the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Pensions

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

Long-term Obligations

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

Leases

For 2022, GASB Statement No. 87, "Leases" was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The County is the lessee (as defined by GASB 87) in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the County's cash basis of accounting. Lease disbursements are recognized when they are paid.

Net Position

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

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

Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the County is unclaimed monies.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County. State Statute authorizes the County Auditor to assign fund balance for purchases on order provided amounts have been lawfully appropriated.

The County Commissioners assigns fund balance to cover a gap between estimated revenue and appropriations in the 2023 appropriated budget; however, there was no assignment of fund balance required for 2022.

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

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

Interfund Transactions

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

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

Note 3 – Compliance

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

Note 4 – Budgetary Basis of Accounting

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

1. Cash that is held by the Southern Ohio Council of Governments on behalf of the County Board of Developmental Disabilities Fund are reported on the cash basis.
2. Budgetary revenues and expenditures of the Police Rotary, Unclaimed Money ’98 and Earlier, Unclaimed Money ACH, 3% BBS Fee Assessment, Certificate of Title Administration and Annexation Petition, and Wellness Program Special Revenue Funds are classified to the General Fund for GAAP reporting.
3. Encumbrances outstanding at year-end.
4. Custodial fund distributions to appropriate County Funds.

	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund
Cash Basis	$945,354	$515,032	$263,265
Custodial Activity	77,309	(13,378)	(1,907)
Encumbrances	(763,814)	0	(589,496)
Perspective Differences	(233,928)	0	0
Budget Basis	$24,921	$501,654	($328,138)

Note 5 – Deposits and Investments

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government custodial or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal custodial securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts; in eligible institutions pursuant to ORC sections 135.32; 6.
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above ; commercial paper as described in ORC section 135.143 (6);and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
    a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
    b. Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations

diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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

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

At year end, the County had $1,000 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, none of the County's bank balance of $39,743,709 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's agent, but not in the County's name.

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

- Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- 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.

Investments

As of December 31, 2022, the County had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years)	S&P Credit Rating	Percentage of Portfolio
STAROhio	$10,022,732	<1 Year	AAAm	100%

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the County's recurring fair value measurements as of December 31, 2022. As discussed further in note 2, STAR Ohio is reported at its share price.

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 value 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's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The County limited its investments to STAR Ohio during the year.

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 user. The County's investment policy allows investments in STAR Ohio, repurchase agreements, and securities or obligations of federal agencies or instrumentalities.

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 investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the County's securities are held in the name of the County.

Note 6 – Long-Term Debt

The County's long-term debt activity for the year ended December 31, 2022, was as follows:

	Interest Rate	Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
County Detention Facility Refunding Bonds, Series 2021	2.00-4.00%	$18,665,000	$0	$415,000	$18,250,000	$425,000
Total General Obligation Bonds		18,665,000	0	415,000	18,250,000	425,000
Various Purpose Bonds:						
Various Purpose Refunding Bonds, Series 2021-1	2.00-3.00%	35,000	0	17,000	18,000	18,000
Various Purpose Refunding Bonds, Series 2021-2	2.00-3.00%	55,000	0	28,000	27,000	27,000
Total Various Purpose Bonds		90,000	0	45,000	45,000	45,000
Other Long-Term Obligations:						
Direct Borrowings:						
West Lancaster Road OPWC Loan, 2003	0.00%	17,500	0	5,000	12,500	2,500
Rte. 22 Waterline Loan, 2004	6.25%	12,438	0	4,146	8,292	4,146
Lakewood Hills Water, 2022	0.00%	0	16,307	7,486	8,821	0
Total Other Long-Term Obligations		29,938	16,307	16,632	29,613	6,646
Total Governmental Activities Long-Term Obligations		$18,784,938	$16,307	$476,632	$18,324,613	$476,646
Business Type Activities:						
General Obligation Bonds:						
Refunding Bonds						
Various Purpose Refunding Bonds, Series 2021-3	2.00-3.00%	$435,000	$0	$140,000	$295,000	$145,000
Total General Obligation Bonds		435,000	0	140,000	295,000	145,000
OWDA Loans from Direct Borrowings:						
Madison Mills Water, 2006	3.00%	1,122,265	0	552,779	569,486	282,624
Good Hope Sewer, 2011	0.00%	266,660	0	22,222	244,438	11,111
Total OWDA Loans from Direct Borrowings		1,388,925	0	575,001	813,924	293,735
Total Business Type Long-Term Obligations		$1,823,925	$0	$715,001	$1,108,924	$438,735

Future Annual Debt Service Requirements

Governmental Activities

Year	General Obligation Bonds/Loans		From Direct Borrowings
			OPWC Loans
	Principal	Interest	Principal
2023	$474,146	$507,448	$2,500
2024	439,146	497,336	5,000
2025	445,000	484,088	5,000
2026	460,000	470,738	0
2027	470,000	456,938	0
2028-2032	2,650,000	1,992,190	0
2033-2037	3,110,000	1,535,640	0
2038-2042	3,575,000	1,072,739	0
2043-2047	4,025,000	616,875	0
2048-2050	2,655,000	127,068	0
Total	$18,303,292	$7,761,060	$12,500

Business Type Activities

Year	General Obligation Bonds		From Direct Borrowing	
			OWDA Loans	
	Principal	Interest	Principal	Interest
2023	$145,000	$8,850	$293,735	$8,542
2024	150,000	4,500	309,084	4,303
2025	0	0	22,222	0
2026	0	0	22,222	0
2027	0	0	22,222	0
2028-2032	0	0	111,108	0
2033-2037	0	0	33,331	0
Total	$295,000	$13,350	$813,924	$12,845

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

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

2004 Route 22 Waterline – On August 23, 2004 a loan in the amount of $82,920 was obtained through the Ohio Water and Sewer Rotary Commission to extend a water line to a housing development. This loan will be repaid by

Special Assessment from Sugar Creek Packing with a maturity date of December 1, 2024. This loan is a direct borrowing with a late payment penalty of five percent of the payment due with a $20 minimum charge.

Various Purpose Refunding Bonds, Series 2021-1, 2021-2, 2021-3 – On March 17, 2021, the County issued $51,000, $84,000, and $575,000 in various purpose refunding bonds in order to refund the 2003 Commission on Aging Building Addition bonds, the 2003 West Lancaster Road Relocation bonds, and the 1999 Rattlesnake Waste Water Treatment Plant bonds in order to take advantage of lower interest rates. The bonds will mature on December 1, 2024. The County decreased the total debt service payments by $39,238 as a result of this refunding.

2021 County Detention Facility Refunding Bonds – On March 17, 2021 the County issued $19,225,000 refunding bonds in order to refund the 2019 County Detention Facility USDA Bonds in order to take advantage of lower interest rates. These bonds will mature on December 1, 2050. The County decreased total debt service payments by $3,921,576 as a result of the refunding.

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

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

2022 Lakewood Hills Area Water System – On July 28, 2022, a loan in the amount of $1,297,089 was obtained through OWDA to install a water system in the unincorporated area of Lakewood Hill. $643,666 of this loan will be repaid through principal forgiveness with the remainder to be repaid by user service charges. As of December 31, 2022, $16,307 was drawn and $7,486 was forgiven through principal forgiveness. This loan will be repaid over 40 years with the first payment due on July 1, 2024.

The County's outstanding OWDA loans from direct borrowings of $813,924 related to business-type activities contain provisions that in an event of default (1) the amount of any such default shall bear interest at the default rate from the due date until the date of payment, (2) for each additional 30 days during which the charges remain unpaid, the County shall continue to pay and additional ate charge of 1percent on the default amount until such charges are paid, and (3) any cost incurred by OWDA to cure the default will be paid by the County either as a direct charge or as part of the project principal amount.

Note 7 – Short-Term Debt

A summary of the note transactions for the year ended December 31, 2022 follows:

	Balance 12/31/21	Additions	Reductions	Balance 12/31/22
Short-Term Liabilities:				
Morgan Group Drainage	$19,161	$17,147	$19,161	$17,147
Ander Drainage Ditch	25,896	0	25,896	0
Total Short-Term Liabilities	$45,057	$17,147	$45,057	$17,147

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

Note 8 – Property Tax

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2022, was $10.20 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	$712,086,700
Commercial/Industrial:	
Public Utility Property	124,951,070
Total Assessed Value	$837,037,770

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

Note 9 – County Sales Tax

The County Commissioners, by resolution, imposed a one and one half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of sales tax is 96.14 percent to the County's General Fund and 3.86 percent to the Motor Vehicle Gas Tax Fund. Vendor collections of the tax are paid to the State Treasurer by the Twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the 20th day of the month in which certification is made, provide for payment to the County.

Proceeds of the tax are credited to the General Fund and the Motor Vehicle and Gas Tax Special Revenue Fund. Permissive Sales and Use tax revenue for 2022 amounted to $9,437,174.

Note 10 – Tax Abatements

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

For 2022, the County's property tax revenue was reduced $1,233,132 as a result of this CRA tax abatement program.

Note 11 – Risk Management

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

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

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

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

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

In 2022, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Plan (CCAO). A workers' compensation group purchasing pool (See Note 1). The intent of the CCAO is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAO. Each participant pays its workers' compensation premium to the State based on the rate for the CCAO rather than its individual rate.

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

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

Note 12 – Defined Benefit Pension Plans

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

Net Pension/OPEB Liability (Asset)

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

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees, other than certified teachers with the board of developmental disabilities, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into State, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. 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):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee*	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

*Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
**This rate is determined by OPERS' Board and has no maximum rate established by ORC.
***This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the public safety rate.

****These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 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.

For 2022, the County's contractually required contribution was $2,048,103 for the traditional plan, $6,744 for the combined plan and $23,406 for the member-directed plan.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in 2022 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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 on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2022, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was $90,094 for 2022.

Pension Liability (Asset)

The net pension liability (asset) for OPERS was measured as of December 31, 2021, and the net pension liability for STRS was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. 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	0.094157%	0.013281%	0.00223264%	
Prior Measurement Date	0.084325%	0.021788%	0.00191954%	
Change in Proportionate Share	0.009832%	-0.008507%	0.00031310%	
Proportionate Share of the:				
Net Pension Liability	$8,192,040	$0	$496,319	$8,688,359
Net Pension Asset	0	(52,328)	0	(52,328)

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, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period

2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, 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	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

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 geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
Risk Parity	23.00	4.88
International Equities	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate – The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate
The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$21,598,674	$8,192,040	($2,964,062)
OPERS Combined Plan	(39,046)	(52,328)	(62,686)

Actuarial Assumptions – STRS

All disclosures related to the actuarial assumptions relate to the amounts used for the net pension liability for STRS which was measured as of June 30, 2022.

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement 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. 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, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.
**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$749,757	$496,319	$281,988

<u>Note 13 – Defined Benefit OPEB Plans</u>

Net OPEB Liability

See Note 12 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary 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 2022, 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 2022 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 $9,363 for 2022.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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 post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For 2022, STRS did not allocate any employer contributions to post-employment 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, 2020, rolled forward to the measurement date of December 31, 2021, 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 liability (asset) was measured as of June 30, 2021 (the latest date for which info is available), and the total OPEB liability used to calculate the net OPEB liability (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 Asset:			
Current Measurement Date	0.110398%	0.00223264%	
Prior Measurement Date	0.080124%	0.00191954%	
Change in Proportionate Share	0.0302740%	0.0003131%	
Proportionate Share of the:			
Net OPEB Asset	($3,457,834)	($57,810)	($3,515,644)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2034	8.5 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

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

During 2021, 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 into the plans, the contributions 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 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, 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	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
Risk Parity	25.00	4.88
International Equities	2.00	2.92
Other Investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate – A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate – The following table presents the County's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
County's proportionate share of the net OPEB asset	($2,033,531)	($3,457,834)	($4,640,028)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 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 the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	($3,495,201)	($3,457,834)	($3,413,506)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.
**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate – The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net OPEB asset	($53,444)	($57,810)	($61,551)

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	($59,964)	($57,810)	($55,093)

Note 14 – Asset Retirement Obligations

Ohio Revised Code Section 6111.44 requires the County to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the County would be responsible to address any public safety issues associated with their waste water treatment facilities. Due to the County's application of the cash basis of accounting, this long-term obligation is not reported as a liability in the financial statements.

Note 15 – Contingent Liabilities

Litigation

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

Federal and State Grants

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

Note 16 – Landfill Closure and Post Closure Care

During 1993, the County stopped receiving refuse in its public landfill. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Ohio Environmental Protection Custodial officially certified the closure of the landfill in 1993. Any remaining costs associated with the closure of the landfill were paid during 1995.

State and federal laws and regulations require the County to provide financial assurance for the landfill closure and post closure care costs. The County has complied with the requirement by issuing a $400,000 Landfill Improvement bond in May of 1996 to construct certain landfill improvements associated with post-closure activity. These proceeds have been receipted into the Sanitary Revenue Waste Enterprise Fund.

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

Note 17 – Interfund Transations

Interfund Transfers

During 2022, the following interfund transfers were made:

	Transfers In	Transfers Out
General	$660,991	$1,312,079
Motor Vehicle Gas Tax Fund	59,000	0
Nonmajor Governmental Funds	1,287,449	695,361
Total All Funds	$2,007,440	$2,007,440

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

Interfund Advances

During 2022, the following interfund transfers were made:

	Advances In	Advances Out
General	$637,451	$679,517
Nonmajor Governmental Funds	579,517	637,451
Water District Revenue Enterprise Fund	100,000	0
Total All Funds	$1,316,968	$1,316,968

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

Note 18 – Fund Balances

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

Fund Balances	General Fund	County Board of Developmental Disabilities Fund	Motor Vehicle Gas Tax Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Unclaimed Monies	$526,692	$0	$0	$0	$526,692
Restricted for:					
Legislative and Executive	0	0	0	4,320,425	4,320,425
Judicial	0	0	0	1,390,563	1,390,563
Public Safety	0	0	0	2,096,311	2,096,311
Public Works	0	0	4,929,697	156,525	5,086,222
Health	0	4,862,165	0	714,270	5,576,435
Human Services	0	0	0	1,489,075	1,489,075
Conservation and Recreation	0	0	0	337,396	337,396
Economic Development	0	0	0	231,200	231,200
Debt Service	0	0	0	1,863,596	1,863,596
Capital Projects	0	0	0	2,131,887	2,131,887
Total Restricted	0	4,862,165	4,929,697	14,731,248	24,523,110
Committed to:					
General Drainage Improvements	0	0	0	1,491	1,491
Adult Detention Improvements	0	0	0	23,859	23,859
Total Committed	0	0	0	25,350	25,350
Assigned to:					
Purchases on Order	763,814	0	0	0	763,814
Total Assigned	763,814	0	0	0	763,814
Unassigned	11,978,158	0	0	0	11,978,158
Total Fund Balances	$13,268,664	$4,862,165	$4,929,697	$14,756,598	$37,817,124

Note 19 – Significant Commitments

Encumbrances

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

General Fund	$763,814
Motor Vehicle Gas Tax Fund	589,496
Nonmajor Governmental Funds	2,535,444
Total Governmental Funds	3,888,754
Water District Revenue Fund	201,577
Nonmajor Enterprise Funds	38,500
Total Enterprise Funds	240,077
Total	$4,128,831

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state ended in April 2023. During 2022, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 21 – Restatement of Beginning Balances

During 2022, the County reexamined its governmental and custodial funds and discovered a fund previously reported as a governmental fund that met the definition of custodial. The County has restated beginning balances to correct this fund classification issue.

	Governmental Activities	Custodial
Net Position, As Reported, December 31, 2021	$34,457,686	$4,053,326
Fund Reclassifications	(111,302)	111,302
Net Position, As Restated, January 1, 2022	$34,346,384	$4,164,628

	Nonmajor Governmental Funds
Fund Balance, As Reported, December 31, 2021	$13,120,811
Fund Reclassifications	(111,302)
Fund Balance, As Restated, January 1, 2022	$13,009,509

Note 22 – Subsequent Events

On January 17, 2023, the County Commissioners authorized the County to enter into a contract with the Ohio Department of Commerce, Division of Industrial Compliance, for plan review and inspection services on the Honda battery plant. The Commissioners also authorized the County to enter into an agreement with the Ohio Department of Development for grant funds for the Rattlesnake Water System Improvement project necessary to service the Honda battery plant in the amount of $75,000,000. The Commissioners also authorized entering into contracts with CT Consultants for design and other services on water system intake facilities ($388,900), headworks facilities ($270,000), raw water transmission mains ($770,000), water treatment plant replacement ($1,145,000), and elevated water storage tank and distribution system improvements ($194,000).

On March 13, 2023, the County entered into a contract with Cox Paving for the 2023 Fayette County Paving Program in the amount of $838,448.

On April 24, 2023, the County Commissioners authorized the execution of a loan agreement with the Ohio Department of Transportation for an amount not to exceed $2,095,000 for the purpose of providing funds to pay a portion of the cost of acquiring, constructing, installing, and equipping public infrastructure improvements necessary for the extension of North Bluegrass Boulevard, including waterline and sewer line extensions and upgrades, curbing and drainage.

On May 15, 2023, the County entered into a contract with Kelchner, Inc. for the Bluegrass Boulevard Phase 2 Roadway Improvements project, in the amount of $7,458,233.

On June 26, 2023, the County entered into a contract with Kelchner, Inc. for the Rattlesnake Water Treatment Plant Improvements, Contract F Water Distribution System, in the amount of $1,190,629.

On July 3, 2023, the County entered into a contract with Cox Paving for the Greenfield Sabina Road and Prairie Road Resurfacing project, in the amount of $2,564,209. The County also entered into a contract with Mid Atlantic Storage Systems, Inc. for the Rattlesnake Water System Improvements, Contract E Water Storage Facilities, in the amount of $6,432,402.

On July 17, 2023, the County accepted the proposal from CT Consultants to provide Resident Project Representative Services during construction for the replacement of the existing water treatment plan facility that services I-71 and State Route 35, for an estimated cost of $381,000. The County also accepted the Guaranteed Maximum Price Amendment for Phase 1 Water Treatment Plant from Bowen Engineering Corporation. Contract A's contract price for Phase 1, as identified in the CMR agreement, is guaranteed by the CMR not to exceed $5,815,297, subject to additions and deductions as provided by the CMR agreement. An allowance included in the Guaranteed Maximum Price is the Well Electrical Relocation Allowance of $275,000.

On August 7, 2023, the County entered into a contract to Fillmore Construction, LLC., in the amount of $29,689,945, for the Rattlesnake Water System Improvements, Contract D Raw Water Transmission Main.

On August 21, 2023, the County accepted the Guaranteed Maximum Price Amendment for Phase 3 Water Treatment Plant from Bowen Engineering Corporation. Contract A's contract price for Phase 3, as identified in the CMR agreement, is guaranteed by the CMR not to exceed $8,569,672, subject to additions and deductions as provided by the CMR agreement.

On September 5, 2023, the County entered into a contract with Axis Civil Construction, LLC., for the 2023 Bridge Rehabilitation Project in the amount of $744,060.

Fayette County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2022

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity Identifying Number Additional Award Identification	Assistance Listing Number	Disbursements
United States Department of Agriculture			
Passed Through Ohio Department of Job and Family Services:			
Supplemental Nutrition Assistance Program (SNAP/Food Assistance) Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	G-2223-11-6922	10.561	$278,323
Total SNAP Cluster			278,323
Total United States Department of Agriculture			**278,323**
United States Department of Housing and Urban Development			
Passed Through Ohio Department of Development:			
Home Investment Partnerships Program	B-C-19-1AW-2	14.239	10,000
Total United States Department of Housing and Urban Development			**10,000**
United States Department of Justice			
Passed through the State of Ohio Attorney General:			
Crime Victim Assistance:			
Crime Victim Assistance	2022-VOCA-134713432	16.575	26,120
Crime Victim Assistance	2023-VOCA-135104756	16.575	11,055
Total Crime Victim Assistance			37,175
Total United States Department of Justice			**37,175**
United States Department of Labor			
Passed Through Montgomery County Department of Job and Family Services:			
WIOA Cluster:			
WIOA Adult Program	N/A	17.258	52,575
WIOA Youth Activities	N/A	17.259	52,497
WIOA Dislocated Worker Formula Grant	N/A	17.278	64,888
Total WIOA Cluster			169,960
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207	16,729
Total Employment Service Cluster:			16,729
Unemployment Insurance	N/A	17.225	4,590
Trade Adjustment Assistance	N/A	17.245	2,622
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	N/A	17.277	8,239
Total United States Department of Labor			**202,140**
United States Department of Transportation			
Direct from the Federal Government:			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs:			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	3-39-0086-017-2022	20.106	22,991
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	3-39-0086-014-2021	20.106	5,200
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs			28,191
Passed Through Ohio Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	PID #113411	20.205	285,669
Highway Planning and Construction	PID #113404	20.205	75,000
Total Highway Planning and Construction Cluster			360,669
Total United States Department of Transportation			**388,860**

(continued)

Fayette County
Schedule of Federal Awards Expenditures (continued)
For the Year Ended December 31, 2022

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity Identifying Number Additional Award Identification	Assistance Listing Number	Disbursements
United States Department of the Treasury			
Direct from Federal Government:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	N	21.027	$2,380,476
Total United States Department of the Treasury			**2,380,476**
National Endowment for the Humanities			
Passed Through The State Library of Ohio:			
COVID-19 Grants to States	ARPA-D-7-22	45.310	15,150
Total National Endowment for the Humanities			**15,150**
United States Department of Education			
Passed Through Ohio Department of Education:			
Special Education Cluster (IDEA):			
Special Education Grants to States	3M20	84.027	16,417
Special Education Preschool Grants	3C50	84.173	12,817
Total Special Education Cluster (IDEA)			29,234
Passed Through Ohio Department of Developmental Disabilities:			
COVID-19 Special Education Grants for Infants and Familites	H181X210024	84.181X	11,670
Special Education-Grants for Infants and Families	H181A200024	84.181	29,338
Total Special Edcuation - Grants for Infants and Families			41,008
Total United States Department of Education			**70,242**
United States Department of Health and Human Services			
Passed Through Ohio Department of Aging:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	N/A	93.044	27,627
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	N/A	93.045	20,139
Special Programs for the Aging, Title III, Part C, Nutrition Services	N/A	93.045	87,306
Total Aging Cluster			135,072
Medicare Enrollment Assistance Program	N/A	93.071	160
Low-Income Home Energy Assistance	N/A	93.568	2,850
Passed Through Ohio Department of Job and Family Services:			
COVID-19 Elder Abuse Prevention Interventions Program	G-2223-11-6922	93.747	36,353
State Children's Insurance Program:			
Children's Health Insurance Program	G-2223-11-6922	93.767	831
Temporary Assistance for Needy Families	G-2223-11-6922	93.558	630,458
MaryLee Allen Promoting Safe and Stable Families Program	G-2223-11-6922	93.556	23,215
Child Support Enforcement	G-2223-11-6922	93.563	618,725
Stephanie Tubbs Jones Child Welfare Services Program	G-2223-11-6922	93.645	20,660
Adoption Assistance	G-2223-11-6922	93.659	119,275
John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-2223-11-6922	93.674	20,555
Foster Care_Title IV-E	G-2223-11-6922	93.658	786,110
Child Care Development Fund Cluster:			
Child Care and Development Block Grant	G-2223-11-6922	93.575	50,741
Total Child Care Development Fund Cluster			50,741
Social Services Block Grant:			
Passed Through Ohio Department of Job and Family Services:			
Social Services Block Grant	G-2223-11-6922	93.667	276,134
Passed Through Ohio Department of Developmental Disabilities:			
Social Services Block Grant	2101OHSOSR	93.667	20,116
Total Social Services Block Grant			296,250

(continued)

Fayette County
Schedule of Federal Awards Expenditures (continued)
For the Year Ended December 31, 2022

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity Identifying Number Additional Award Identification	Assistance Listing Number	Disbursements
Medicaid Cluster:			
Passed Through Ohio Department of Job and Family Services:			
Medical Assistance Program	G-2223-11-6922	93.778	$424,706
Passed Through Ohio Department of Aging:			
Medical Assistance Program	N/A	93.778	44,438
Total Medicaid Cluster			469,144
Total United States Department of Health and Human Services			**3,210,399**
United States Department of Homeland Security			
Passed Through Ohio Emergency Management Agency:			
Emergency Management Performance Grants:			
Emergency Management Performance Grants	EMC-2021-EP-00002	97.042	42,844
COVID-19 Emergency Management Performance Grants	EMC-2021-EP-00007	97.042	8,830
Total Emergency Management Performance Grants			51,674
Total United States Department of Homeland Security			**51,674**
Total Federal Awards Expenditures			**$6,644,439**

N - direct from federal government.
N/A - pass-through entity number not available.
See the accompanying notes to the schedule of federal awards expenditures.

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) includes the federal award activity of Fayette County (the County) under programs of the federal government for the year ended December 31, 2022. 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.

Note 3 – Indirect Cost Rate

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

Note 4 – 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.

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*

Independent Auditor's Report

Fayette County
133 South Main Street, Suite 303
Washington Courthouse, Ohio 43160

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Fayette County, (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 18, 2023, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Millhuff-Stang CPA Inc.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

September 18, 2023

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Fayette County
133 South Main Street, Suite 303
Washington Courthouse, Ohio 43160

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the compliance of Fayette County, Ohio, (the County) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Assistance Listing (AL) No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinion section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the AL No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program for the year ended December 31, 2022.

Unmodified Opinion on Other Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter Giving Rise to Qualified Opinion on the AL No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program as described in finding number 2022-002 for Procurement, Suspension, and Debarment.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

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

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

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

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

September 18, 2023

Section I – Summary of Auditor's Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified (Cash Basis)
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?		Yes
Federal Awards		
Internal control over major program(s):		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major federal programs:		Qualified – AL# 21.027 Coronavirus State and Local Fiscal Recovery Funds Unmodified – AL# 93.658 Foster Care_Title IV-E
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes
Identification of major program(s):		COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL #21.027), Foster Care_Title IV-E (AL #93.658)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2022-001

Noncompliance – Annual Financial Reports

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

Ohio Administrative Code 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). This report is required to be filed with the Auditor of State's office within 150 days of fiscal year-end.

Finding 2022-001 (Continued)

Noncompliance – Annual Financial Reports (Continued)

The County prepares its financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, deferred inflows and outflows of resources, net position and fund equities, and disclosures that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other remedies may be taken against the County. As such, we recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Client Response:
See accompanying corrective action plan.

Section III – Federal Award Findings and Questioned Costs

ALN Title and Number	COVID-19 Coronavirus State and Local Fiscal Recovery Funds, AL #21.027		
Federal Award Number and Year	2022		
Federal Agency	United States Department of the Treasury		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	**Finding Number (if repeat)**	N/A

Finding 2022-002

Noncompliance/Material Weakness – Procurement, Suspension, and Debarment

31 CFR 19 gives regulatory effect to the Department of Treasury for 2 CFR Section 180.305 which states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred, unless the Federal agency responsible for the transaction grants an exception under 2 CFR Section 180.135. “Covered transactions” include nonprocurement or procurement transactions at the primary tier, between a Federal agency and a person; or at the lower tier, between a participant in a covered transaction and another person. Procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) are covered transactions if the contracts are expected to equal or exceed $25,000 or meet certain other specified criteria outlined in 2 CFR § 180.220s. All nonprocurement transactions (i.e. subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless listed in the exemptions in 2 CFR § 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by:

(1) checking the System for Award Management (Sam.gov),
(2) collecting a certification from the entity, or
(3) adding a clause or condition to the covered transaction with that entity (2 CFR 180.300).

Finding 2022-002 (Continued)

Noncompliance/Material Weakness – Procurement, Suspension, and Debarment (Continued)

The County did not have the proper internal controls in place to verify that all entities, with whom the County had entered into covered transactions, had not been suspended or debarred. Due to the deficient internal control structure, the required verification was not completed for 14 out of 15 covered transactions in the Coronavirus State and Local Fiscal Recovery Funds during Fiscal Year 2022. These 14 covered transactions had a payment to a vendor of equal or greater than $25,000 and there was no evidence the County checked the SAM exclusions, collected a certification from the entity, or added a clause or condition to the covered transaction with the vendor.

Failing to have the appropriate internal controls in place may result in suspended or debarred vendors receiving federal funds.

Prior to contracting with vendors that will be paid with federal funds, the County should verify the vendor is not suspended or debarred by checking the SAM exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

Client Response:
See accompanying corrective action plan.

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Washington C.H., Ohio 43160

Daniel C. Dean
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Washington C.H., Ohio 43160

Tony Anderson
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Mt. Sterling, Ohio 43143

Dana Foor, Adm. Clerk

Fayette County Commissioners
Suite 401 – 133 South Main Street
Washington C.H., Ohio 43160
Phone (740) 335-0720 – Fax (740) 333-3530

Schedule of Prior Audit Findings
2 CFR Section 200.511(b)
For the Year Ended December 31, 2022

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
Finding 2021-001	Noncompliance with Ohio Revised Code Section 117.38/Ohio Administrative Code Section 117-2-03(B) – Annual Financial Reports	No	Reissued as Finding 2022-001

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Corrective Action Plan
2 CFR Section 200.511(c)
For the Year Ended December 31, 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	Fayette County will continue to file our year-end financial reports on a cash basis. This is done due to the high cost of converting to GAAP.	N/A	Fayette County Auditor
2022-002	Going forward the County will do additional training with office staff to assure that an entity is not suspended or debarred. We will also create a checklist to include checking for SAM exclusions.	Immediately	Tony Anderson, County Commissioner

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OHIO AUDITOR OF STATE
KEITH FABER

FAYETTE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 10/17/2023

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