

MADISON COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2023



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Columbus, Ohio 43215
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Board of Commissioners
Madison County
1 North Main Street
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of Madison County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2023. 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. Madison County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 14, 2024

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MADISON COUNTY, OHIO

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Independent Auditor's Report

Madison County
1 North Nain Street
London, Ohio 43140

To the Members of the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Madison County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison County, as of December 31, 2023, and the respective changes in cash-basis financial position, thereof and the respective budgetary comparison for the General Fund, Motor Vehicle Gasoline Tax Fund, and the ARPA Grant Fund 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 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 Madison 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

Ohio Administrative Code § 117-2-03(B) requires Madison 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Madison 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Madison 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 Madison 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 Madison County's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024 on our consideration of Madison 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 Madison 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 Madison County's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 26, 2024

MADISON COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 41,662,529	\$ 131,284	\$ 41,793,813
Cash in segregated accounts	-	54,203	54,203
Total assets	41,662,529	185,487	41,848,016
Net position:			
Restricted for:			
Capital projects	818,159	-	818,159
Debt service	13,823	-	13,823
General government	6,446,047	-	6,446,047
Public safety programs	3,580,314	-	3,580,314
Public works projects	1,607,226	-	1,607,226
Health services	4,294,366	-	4,294,366
Human services programs	3,868,613	-	3,868,613
American Rescue Plan Act	150,431	-	150,431
Permanent fund:			
Expendable	5,053	-	5,053
Nonexpendable	50,000	-	50,000
Other purposes	856,330	-	856,330
Unrestricted	19,972,167	185,487	20,157,654
Total net position	\$ 41,662,529	\$ 185,487	\$ 41,848,016

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
General government:				
Legislative and executive	\$ 9,639,272	\$ 2,342,922	\$ 51,869	\$ -
Judicial	4,279,847	1,501,105	5,387	-
Public safety	6,371,975	1,436,360	571,236	-
Public works	16,957,471	1,986,815	6,583,603	-
Health	3,680,466	495,508	1,463,520	-
Human services	6,810,760	165,695	5,672,169	-
Conservation and recreation	500,798	79,417	-	-
Capital outlay	1,704,943	560,151	-	-
Debt service:				
Interest and fiscal charges	3,429	-	-	-
Total governmental activities	<u>49,948,961</u>	<u>8,567,973</u>	<u>14,347,784</u>	<u>-</u>
Business-type activities:				
Airport operations	496,133	274,264	-	151,617
Sanitary district	365,745	96,563	605,000	-
Sewer treatment	5,709,650	2,203,245	5,452,808	-
Water treatment	4,292,427	1,116,142	955,000	-
Total business-type activities	<u>10,863,955</u>	<u>3,690,214</u>	<u>7,012,808</u>	<u>151,617</u>
Total primary government	<u>\$ 60,812,916</u>	<u>\$ 12,258,187</u>	<u>\$ 21,360,592</u>	<u>\$ 151,617</u>

General cash receipts, advances and transfers:

Property taxes levied for:

 General purposes

 Developmental disabilities human services

 911 operations

Sales taxes

Grants and entitlements not restricted to specific programs

Issuance of loans

Investment receipts

Miscellaneous

Total general cash receipts

Advances

Transfers

Total general cash receipts, advances and transfers

Special item - transfer of operations

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (7,244,481)	\$ -	\$ (7,244,481)
(2,773,355)	-	(2,773,355)
(4,364,379)	-	(4,364,379)
(8,387,053)	-	(8,387,053)
(1,721,438)	-	(1,721,438)
(972,896)	-	(972,896)
(421,381)	-	(421,381)
(1,144,792)	-	(1,144,792)
<u>(3,429)</u>	<u>-</u>	<u>(3,429)</u>
<u>(27,033,204)</u>	<u>-</u>	<u>(27,033,204)</u>
-	(70,252)	(70,252)
-	335,818	335,818
-	1,946,403	1,946,403
<u>-</u>	<u>(2,221,285)</u>	<u>(2,221,285)</u>
<u>-</u>	<u>(9,316)</u>	<u>(9,316)</u>
<u>(27,033,204)</u>	<u>(9,316)</u>	<u>(27,042,520)</u>
4,011,561	-	4,011,561
2,582,216	-	2,582,216
1,267,971	-	1,267,971
10,686,305	-	10,686,305
2,231,716	-	2,231,716
-	2,656,910	2,656,910
2,225,125	-	2,225,125
817,653	-	817,653
<u>23,822,547</u>	<u>2,656,910</u>	<u>26,479,457</u>
139,300	(139,300)	-
<u>(735,610)</u>	<u>735,610</u>	<u>-</u>
<u>23,226,237</u>	<u>3,253,220</u>	<u>26,479,457</u>
<u>-</u>	<u>(4,843,441)</u>	<u>(4,843,441)</u>
<u>(3,806,967)</u>	<u>(1,599,537)</u>	<u>(5,406,504)</u>
<u>45,469,496</u>	<u>1,785,024</u>	<u>47,254,520</u>
<u>\$ 41,662,529</u>	<u>\$ 185,487</u>	<u>\$ 41,848,016</u>

MADISON COUNTY, OHIO

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

	General	Motor Vehicle Gasoline Tax	ARPA Grant	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 20,330,588	\$ 1,399,446	\$ 150,431	\$ 19,782,064	\$ 41,662,529
Total assets	\$ 20,330,588	\$ 1,399,446	\$ 150,431	\$ 19,782,064	\$ 41,662,529
Fund cash balances:					
Nonspendable	\$ 598,765	\$ -	\$ -	\$ -	\$ 598,765
Restricted	-	1,399,446	150,431	19,541,720	21,091,597
Committed	-	-	-	240,344	240,344
Assigned	574,616	-	-	-	574,616
Unassigned	19,157,207	-	-	-	19,157,207
Total fund cash balances	\$ 20,330,588	\$ 1,399,446	\$ 150,431	\$ 19,782,064	\$ 41,662,529

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	General	Motor Vehicle Gasoline Tax	ARPA Grant	Other Governmental Funds	Total Governmental Funds
Cash receipts:					
Property taxes	\$ 4,011,561	\$ -	\$ -	\$ 3,850,187	\$ 7,861,748
Sales taxes	10,686,305	-	-	-	10,686,305
Charges for services	2,401,188	1,787,612	-	1,883,154	6,071,954
Licenses and permits	2,696	-	-	184,389	187,085
Fines and forfeitures	464,217	134,400	-	800,271	1,398,888
Intergovernmental	2,231,716	6,175,384	100,000	8,072,400	16,579,500
Special assessments	-	-	-	560,151	560,151
Investment income	2,179,412	45,713	-	-	2,225,125
Rental income	349,895	-	-	-	349,895
Reimbursements	1,114	-	-	-	1,114
Other	598,769	-	-	217,770	816,539
Total cash receipts	<u>22,926,873</u>	<u>8,143,109</u>	<u>100,000</u>	<u>15,568,322</u>	<u>46,738,304</u>
Cash disbursements:					
Current:					
General government:					
Legislative and executive	8,591,449	-	-	1,047,823	9,639,272
Judicial	4,003,517	-	-	276,330	4,279,847
Public safety	3,980,614	-	-	2,391,361	6,371,975
Public works	641,579	7,884,563	7,847,374	583,955	16,957,471
Health	99,737	-	-	3,580,729	3,680,466
Human services	419,585	-	-	6,391,175	6,810,760
Conservation and recreation	500,798	-	-	-	500,798
Capital outlay	-	49,504	-	1,655,439	1,704,943
Debt service:					
Interest and fiscal charges	-	-	-	3,429	3,429
Total cash disbursements	<u>18,237,279</u>	<u>7,934,067</u>	<u>7,847,374</u>	<u>15,930,241</u>	<u>49,948,961</u>
Excess of cash receipts over cash disbursements	<u>4,689,594</u>	<u>209,042</u>	<u>(7,747,374)</u>	<u>(361,919)</u>	<u>(3,210,657)</u>
Other financing sources (uses):					
Advances in	292,140	-	-	-	292,140
Advances out	-	-	-	(152,840)	(152,840)
Transfers in	225,014	-	-	1,283,344	1,508,358
Transfers out	(1,881,000)	(104,619)	-	(258,349)	(2,243,968)
Total other financing sources (uses)	<u>(1,363,846)</u>	<u>(104,619)</u>	<u>-</u>	<u>872,155</u>	<u>(596,310)</u>
Net change in fund balance - cash basis	3,325,748	104,423	(7,747,374)	510,236	(3,806,967)
Fund balance - cash basis, January 1	<u>17,004,840</u>	<u>1,295,023</u>	<u>7,897,805</u>	<u>19,271,828</u>	<u>45,469,496</u>
Fund balance - cash basis, December 31	<u>\$ 20,330,588</u>	<u>\$ 1,399,446</u>	<u>\$ 150,431</u>	<u>\$ 19,782,064</u>	<u>\$ 41,662,529</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Budgetary basis receipts:				
Property taxes	\$ 3,544,855	\$ 4,007,500	\$ 4,009,710	\$ 2,210
Sales taxes	8,845,554	10,000,000	10,686,305	686,305
Charges for services	2,044,252	2,311,050	2,098,803	(212,247)
Licenses and permits	2,167	2,450	2,696	246
Fines and forfeitures	405,303	458,200	464,217	6,017
Intergovernmental	1,833,187	2,072,439	2,239,716	167,277
Investment income	1,864,686	2,108,049	2,179,412	71,363
Rental income	289,250	327,000	349,895	22,895
Reimbursements	1,504	1,700	1,114	(586)
Other	470,583	532,000	1,082,606	550,606
Total budgetary basis receipts	<u>19,301,341</u>	<u>21,820,388</u>	<u>23,114,474</u>	<u>1,294,086</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	7,702,085	9,996,736	8,491,559	1,505,177
Judicial	3,564,967	4,627,064	4,248,551	378,513
Public safety	3,465,148	4,497,506	4,462,314	35,192
Public works	221,645	287,679	222,410	65,269
Health	87,430	113,478	99,737	13,741
Human services	289,279	375,463	321,559	53,904
Conservation and recreation	287,714	373,431	312,798	60,633
Total budgetary basis disbursements	<u>15,618,268</u>	<u>20,271,357</u>	<u>18,158,928</u>	<u>2,112,429</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>3,683,073</u>	<u>1,549,031</u>	<u>4,955,546</u>	<u>3,406,515</u>
Other financing sources (uses):				
Transfers in	132,683	150,000	225,014	75,014
Transfers out	(2,005,342)	(2,602,785)	(2,570,066)	32,719
Advances in	247,675	280,000	292,140	12,140
Advances out	(308,184)	(400,000)	-	400,000
Total other financing sources (uses)	<u>(1,933,168)</u>	<u>(2,572,785)</u>	<u>(2,052,912)</u>	<u>519,873</u>
Net change in fund balance - cash basis	1,749,905	(1,023,754)	2,902,634	3,926,388
Fund balance, January 1	11,204,406	11,204,406	11,204,406	-
Prior year encumbrances appropriated	<u>595,487</u>	<u>595,487</u>	<u>595,487</u>	<u>-</u>
Fund balance, December 31	<u>\$ 13,549,798</u>	<u>\$ 10,776,139</u>	<u>\$ 14,702,527</u>	<u>\$ 3,926,388</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Charges for services	\$ 1,447,256	\$ 1,452,933	\$ 1,787,612	334,679
Fines and forfeitures	99,609	100,000	134,400	34,400
Intergovernmental	6,061,224	6,085,000	6,175,384	90,384
Investment income	39,844	40,000	45,713	5,713
Total budgetary basis receipts	<u>7,647,933</u>	<u>7,677,933</u>	<u>8,143,109</u>	<u>465,176</u>
Budgetary basis disbursements:				
Current:				
Public works	8,076,573	8,431,734	7,884,563	547,171
Capital outlay	48,033	50,145	49,504	641
Total budgetary basis disbursements	<u>8,124,606</u>	<u>8,481,879</u>	<u>7,934,067</u>	<u>547,812</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(476,673)</u>	<u>(803,946)</u>	<u>209,042</u>	<u>1,012,988</u>
Other financing uses :				
Transfers out	<u>(100,212)</u>	<u>(104,619)</u>	<u>(104,619)</u>	<u>-</u>
Net change in fund balance - cash basis	(576,885)	(908,565)	104,423	1,012,988
Fund balance, January 1	<u>1,295,023</u>	<u>1,295,023</u>	<u>1,295,023</u>	<u>-</u>
Fund balance, December 31	<u>\$ 718,138</u>	<u>\$ 386,458</u>	<u>\$ 1,399,446</u>	<u>\$ 1,012,988</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Intergovernmental	\$ -	\$ 100,000	\$ 100,000	\$ -
Total budgetary basis receipts	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
Public works	<u>3,209,704</u>	<u>7,847,375</u>	<u>7,847,374</u>	<u>1</u>
Total budgetary basis disbursements	<u>3,209,704</u>	<u>7,847,375</u>	<u>7,847,374</u>	<u>1</u>
Net change in fund balance - cash basis	(3,209,704)	(7,747,375)	(7,747,374)	1
Fund balance, January 1	4,688,101	4,688,101	4,688,101	-
Prior year encumbrances appropriated	<u>3,209,704</u>	<u>3,209,704</u>	<u>3,209,704</u>	<u>-</u>
Fund balance, December 31	<u>\$ 4,688,101</u>	<u>\$ 150,430</u>	<u>\$ 150,431</u>	<u>\$ 1</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	<u>Business-type Activities - Enterprise</u>		
	<u>Airport Authority Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 115,112	\$ 16,172	\$ 131,284
Cash in segregated accounts	16,711	37,492	54,203
Total assets	<u>131,823</u>	<u>53,664</u>	<u>185,487</u>
Net position:			
Unrestricted	<u>131,823</u>	<u>53,664</u>	<u>185,487</u>
Total net position	<u>\$ 131,823</u>	<u>\$ 53,664</u>	<u>\$ 185,487</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	Business-Type Activities - Enterprise Funds				Total
	Airport Authority Fund	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	
Operating receipts:					
Charges for services	\$ 187,008	\$ 1,642,960	\$ 560,378	\$ -	\$ 2,390,346
Other	87,256	5,467,867	1,096,264	701,563	7,352,950
Total operating receipts	274,264	7,110,827	1,656,642	701,563	9,743,296
Operating disbursements:					
Personal services	97,239	589,871	291,082	343,983	1,322,175
Contract services	218,493	1,437,360	246,526	-	1,902,379
Materials and supplies	1,118	81,291	338,591	-	421,000
Capital outlay	169,992	3,045,160	3,385,866	21,762	6,622,780
Other	9,291	19,639	8,335	-	37,265
Total operating disbursements	496,133	5,173,321	4,270,400	365,745	10,305,599
Operating receipts over (under) operating disbursements	(221,869)	1,937,506	(2,613,758)	335,818	(562,303)
Nonoperating receipts (disbursements):					
Debt service:					
Principal retirement	-	(406,294)	(17,968)	-	(424,262)
Interest and fiscal charges	-	(130,035)	(4,059)	-	(134,094)
Loan issuance	-	-	2,656,910	-	2,656,910
Intergovernmental receipts	151,617	-	-	-	151,617
Special assessments	-	545,226	414,500	-	959,726
Total nonoperating receipts (disbursements)	151,617	8,897	3,049,383	-	3,209,897
Net receipts over (under) disbursements before advances and transfers	(70,252)	1,946,403	435,625	335,818	2,647,594
Transfers in	-	141,222	560,663	33,725	735,610
Advances out	-	-	(139,300)	-	(139,300)
Total advances and transfers	-	141,222	421,363	33,725	596,310
Special item - transfer of operations	-	(2,992,224)	(1,399,218)	(451,999)	(4,843,441)
Change in net position	(70,252)	(904,599)	(542,230)	(82,456)	(1,599,537)
Net position at beginning of year	202,075	904,599	595,894	82,456	1,785,024
Net position at end of year	\$ 131,823	\$ -	\$ 53,664	\$ -	\$ 185,487

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 6,538,868
Cash in segregated accounts	<u>829,243</u>
Total assets	<u>7,368,111</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>7,368,111</u>
Total net position	<u><u>\$ 7,368,111</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

	Custodial
Additions:	
Intergovernmental	\$ 4,787,058
Amounts received as fiscal agent	4,138,211
Licenses, permits and fees for other governments	7,257,850
Fines and forfeitures for other governments	3,790,482
Property tax collections for other governments	53,144,463
Sheriff sales collections for others	25,612
Other custodial fund collections	46,212
Total additions	73,189,888
Deductions:	
Distributions to the State of Ohio	175,546
Distributions of state funds to other governments	4,738,339
Distributions as fiscal agent	3,638,277
Licenses, permits and fees distributions to other governments	7,073,506
Fines and forfeitures distributions to other governments	3,815,381
Property tax distributions to other governments	53,381,125
Sheriff sales distributions to other governments	62,478
Other custodial fund distributions	45,930
Total deductions	72,930,582
Net change in fiduciary net position	259,306
Net position beginning of year	7,108,805
Net position end of year	\$ 7,368,111

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

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

NOTE 1 - REPORTING ENTITY

Madison County is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Ohio constitution and laws. The County operates under the direction of a three-member elected Board of County Commissioners. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate Juvenile Court Judge, and a Municipal Court Judge.

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

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exert direct operating control, except as described below.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Madison County, this includes the Madison County Board of Developmental Disabilities (DD), Madison County Emergency Management Agency (EMA) and other departments and activities that are directly operated by elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or responsible to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. For the year ended December 31, 2023, the County reported one component unit.

Blended Component Unit

The Madison County Airport Authority (the Airport) was created by resolution of the Madison County Commissioners under the authority of Ohio Revised Code Chapter 308. The Airport is governed by a board of trustees appointed by the County Commissioners. The board of trustees has the authority to exercise all of the powers and privileges provided under law. Although the Airport is a legally separate entity, it is, in substance, part of the County's operations. Therefore, the Airport is reported as a blended component unit of the County. The Airport is reported as a major enterprise fund.

Separate Agencies

In the case of the separate agencies and districts listed below, the County serves as fiscal agent but the organizations are not considered part of Madison County. Accordingly, the activity of the following organizations is presented as custodial funds within the financial statements:

Madison County - London City General Health District
Madison County Soil and Water Conservation District
Madison County Family and Children First Council

MADISON COUNTY, OHIO

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

NOTE 1 - REPORTING ENTITY - (Continued)

Other Organizations

The County is associated with certain organizations which are defined as joint ventures or jointly governed organizations as defined by GASB Statement 14 and amended by GASB Statements 39 and 61:

The Tri-County Corrections Board is a joint venture for the establishment of a central jail facility for the use of Champaign, Madison and Union Counties. The operation of the jail is controlled by a joint board whose membership consists of the sheriff, one judge, and one commissioner from each of the participating counties. Each County's ability to influence the operations of the jail is limited to their representation on the board. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. The County has an ongoing financial responsibility for this entity and, in 2023 contributed \$1,843,075 toward the operation of this facility. Champaign County has been appointed the fiscal agent for the joint venture. Complete financial statements of the joint venture may be obtained from the Champaign County Auditor, 1512 S Hwy 68, Suite B300, Urbana, Ohio 43078.

The Central Ohio Youth Center, formerly the Five-County Joint Juvenile Detention and Rehabilitation Center, is a jointly governed organization involving Union, Champaign, Delaware, and Madison Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees from the host County, Union, and one each from Champaign, Delaware and Madison Counties. Each County's ability to influence the operations of the Center is limited to their representation on the Board of Trustees. Appropriations are adopted by the joint Board of Trustees who exercise control over the operation, maintenance, and construction of the Center. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. In 2023, the County's share of operating costs was \$539,156. Union County serves as the fiscal agent.

Madison County participates in a jointly governed Solid Waste Management District along with Allen, Champaign, Hardin, Shelby, and Union Counties. The District was established following the requirements of House Bill 592. The Board of Directors consists of County Commissioners from each County. Each County's ability to influence the operations of the District is limited to their representation on the Board of Directors. The original funding for the District was contributed by each County based on its population compared to the total population for all participating counties. It is the intent of the District to be self-supporting. Allen County, the largest of the six Counties, is fiscal agent of the District.

The County is a participant in the Mental Health and Recovery Board of Clark, Greene, and Madison Counties (Board), a joint venture with Clark and Greene Counties. The purpose of the Board is to provide aid, support and education for alcohol and drug dependent citizens as well as those who are mentally disabled. The Board started providing these services on July 1, 1995. The Board is governed by an eighteen-member board of directors, with Green County, Clark County, the Ohio Department of Mental Health, and the Ohio Alcohol and Drug Addiction Services Board each appointing four members and Madison County appointing two members. The Clark County Auditor serves as fiscal agent for the Board. Madison County has an ongoing financial responsibility to the Board. This responsibility arises from the fact that the Board's existence depends on the continued funding by the County from the property tax levy.

The Madison County Park District is defined as a related organization to the County. The County's probate judge appoints its board members and the County is its fiscal agent. Activities of the Park District are reflected as a custodial fund of the County.

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

MADISON COUNTY, OHIO

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These basic financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The County follows Governmental Accounting Standards Board (GASB) pronouncements to the extent they are applicable to the County's cash basis of accounting. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Basis of Accounting

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

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

MADISON COUNTY, OHIO

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

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

C. Fund Accounting

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

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

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

Motor Vehicle Gasoline Tax Fund - The Motor Vehicle Gasoline Tax Fund is a major special revenue fund that accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

ARPA Grant Fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act (ARPA) of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

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

Proprietary Funds - The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund types.

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination or receipts earned, disbursements incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County's enterprise funds are used to account for airport operations, wastewater treatment, and water treatment. The following are the County's major enterprise funds:

Airport Authority Fund - The Airport Authority Fund is a major enterprise fund that accounts for various activities related to the operation of the Madison County Airport Authority.

Sewer Fund - The Sewer Fund is a major enterprise fund that accounts for various activities related to the County's sewer district operations.

Water Fund - The Water Fund is a major enterprise fund that accounts for various activities related to the County's water district operations.

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

Custodial funds - Custodial funds are held in a purely custodial capacity by the County as fiscal agent for other entities, and for various taxes, state-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Custodial fund transactions typically involve only the receipt, temporary investment and distributions of these fiduciary resources.

MADISON COUNTY, OHIO

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

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

D. Cash Receipts-Exchange and Non-Exchange Transactions

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

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

E. Cash Disbursements

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

F. Budgetary Process

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

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

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

G. Property, Plant and Equipment

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

H. Unpaid Vacation, Personal and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the County.

MADISON COUNTY, OHIO

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

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

I. Long-term Obligations

In general, bonds and long-term notes and loans are not recognized as a liability in the basic financial statements under the cash basis of accounting, but are recorded as cash disbursements in the basic financial statements when paid.

J. Leases

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

K. Subscription Based Information Technology Arrangements

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

L. Net Position

Net position represents the cash and cash equivalent balances of the County at year-end. Net position consists of cash receipts reduced by cash disbursements for the current year. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted for other purposes is comprised of net position restricted for grants. The County applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available. None of the County's restricted net position is restricted by enabling legislation.

M. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months, and a money market fund account. Individual fund balance integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents". Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. Cash and cash equivalents for activity related to the airport, water utilities, sheriff's office, courts, and various other County departments that are held in segregated accounts, and not included in the County Treasury, are recorded as "cash in segregated accounts".

All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For 2023, interest receipts amounted to \$2,225,125 of which \$2,179,412 was recorded in the General Fund, and \$45,713 was recorded in the Motor Vehicle Gasoline Tax Fund.

For presentation on the statement of net position-cash basis, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are reported as cash equivalents.

MADISON COUNTY, OHIO

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

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

N. Operating Cash Receipts and Cash Disbursements

Operating cash receipts generally result from exchange transactions directly relating to the funds' principal services. For the County, these receipts are charges for services for wastewater treatment, water treatment, and airport activities as well as a reimbursement of funds from the ARPA grant, including in other receipts, used for current year operating disbursements. Operating cash disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the funds. Cash receipts and disbursements not meeting these definitions are reported as non-operating.

O. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by Resolution or by State statute.

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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

MADISON COUNTY, OHIO

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

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

P. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating cash receipts/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. Transfers between governmental activities and business-type activities are shown the same manner as general receipts.

Q. 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. Advances between governmental and business-type activities are shown in the same manner as general receipts.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Budget Stabilization

The County has established a Budget Stabilization Fund in accordance with a Resolution passed by the Board of County Commissioners. Additions to the fund can only be made by a Resolution of the Board. Disbursements from the fund can be made to offset future budget deficits or other disbursements approved by the Board. At December 31, 2023 the balance in the Budget Stabilization Fund was \$3,022,525 which is included in the unassigned classification of fund cash balance in the General Fund and unrestricted net position of the governmental activities.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. In 2023, the County transferred the operations of its sewer and water departments to an outside entity. This transfer of operations is reported as a special item in the accompanying financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

MADISON COUNTY, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

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

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

B. Compliance

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

Ohio Administrative Code Section 117-2-02 provides each public office shall maintain an accounting system and accounting records. Bank reconciliations were not reconciled to a zero unidentified difference. The County did not maintain an accounting system and accounting records required by Ohio Administrative Code Section 117-2-02.

NOTE 4 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

Statutes require the classification of money held by the County into two categories. Active monies mean the amount of public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be held 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 that are not considered active are classified as inactive. Inactive monies may be invested or deposited in the following securities:

MADISON COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

1. United States Treasury bills, notes, or other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States Treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No load money market mutual funds;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Certain bankers' acceptance (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and,
10. 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.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County and must be purchased with the expectation that it will be held to maturity.

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

MADISON COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The County’s carrying value and bank balance was \$48,795,597 and \$49,433,085, respectively, at December 31, 2023. The entire bank balance was either covered by FDIC or collateralized in accordance with the provisions identified in the preceding paragraph.

Investments: The fair value of these investments is not materially different than the measurement value. The County had the following investments as of December 31, 2023:

	<u>Measurement Value</u>	<u>Maturity</u>	
		<u><1 year</u>	<u>>1 year</u>
Madison County Emergency Management District Securities	\$ 406,759	\$ 96,504	\$ 310,255

In 2022, the Madison County Emergency Management District (the “District”) authorized the issuance and sale of \$500,000 tax anticipation notes for the purpose of providing emergency squad services and maintaining apparatus, building and site of the District. Note principal and interest is payable in annual installments every December 1 commencing on December 1, 2023 and ending on December 1, 2027. The notes bear interest at the rate of 3.5% per annum.

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

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The County places no limit on the amount it may invest in any one issuer.

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

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

MADISON COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 48,795,597
Investments	406,759
Cash on hand	13,771
Total	<u>\$ 49,216,127</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 41,662,529
Business-type activities	185,487
Custodial funds	7,368,111
Total	<u>\$ 49,216,127</u>

NOTE 5 - DEBT OBLIGATIONS

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. Debt obligations are reported for informational purposes only. Information regarding such changes in the County's long-term obligations during 2023 is as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Due in One Year
Business-Type Activities					
<u>Direct Borrowings/Direct Placements:</u>					
OWDA loans					
Choctaw Lake Sewer					
Construction- 4.4%	\$ 3,314,619	\$ -	\$ (3,314,619)	\$ -	\$ -
Camp Wissalohican Sewer					
Construction- 6.41%	28,062	-	(28,062)	-	-
Water System - 0%	8,300,442	2,656,910	(10,957,352)	-	-
Total OWDA Loans	11,643,123	2,656,910	(14,300,033)	-	-
Choctaw Lake Sewer					
Construction OPWC-0%	42,178	-	(42,178)	-	-
Total Business-Type Activities	\$ 11,685,301	\$ 2,656,910	\$ (14,342,211)	\$ -	\$ -

The OWDA loans from direct borrowings were issued by the Ohio Water Development Authority for construction of sewer districts in the Camp Wissalohican subdivision and the Choctaw Lake subdivision and for water system improvements. In the event of default, the OWDA may declare the full amount of the then unpaid loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default. The County has pledged future customer revenues, net of specified operating expenses, to repay this debt. The loans are payable through their final maturities solely from net revenues applicable to these funds. Principal and interest on the loans are paid from the sewer fund and the water fund.

The OPWC loan from direct borrowings was issued by the Ohio Public Works Commission for construction of the Choctaw Lake Sewer District. In the event of default, the OPWC may charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, or at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable. This loan is interest-free. User fees charged to residents of this District are used to pay this debt. Principal and interest on loans are paid from the sewer fund.

MADISON COUNTY, OHIO

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

NOTE 5 - DEBT OBLIGATIONS - (Continued)

As of December 31, 2023, all outstanding OWDA and OPWC loans were transferred to the Mid-Ohio Water and Sewer District.

In 2019, the Madison County Commissioners authorized the issuance of Water Treatment Plant Improvement Bonds Series 2019 in the principal amount up to \$400,000. The Improvement Bonds were dated February 12, 2019 and were issued for the purpose of improving the County's Water Treatment plant. The bonds are issued for a 5-year period at 3% per annum and are considered a direct borrowing. The final principal and interest payments were made in 2023 in the amount of \$139,300 and \$4,200 respectively. As this was an intra-county loan agreement between the County Commissioners and the Water District, the principal and interest were not included in the long term debt obligations of the County.

In 2020, the Madison County Commissioners authorized the issuance of Ditch Improvement Bonds in the principal amount up to \$96,825. The Improvement Bonds were dated October 27, 2020 and were issued for the purpose of improving various ditches throughout the County. The bonds are issued for a 5-year period at 2% per annum and are considered a direct borrowing. The principal and interest paid in 2023 was \$19,357 and \$1,185, respectively. As this is an intra-county loan agreement between the County Commissioners and the County Treasurer, the principal and interest will not be included in the long term debt obligations of the County. The total principal balance remaining as of December 31, 2023 is \$39,884.

In 2021, the Madison County Commissioners authorized the issuance of Ditch Improvement Bonds in the principal amount up to \$138,870. The Improvement Bonds were dated September 14, 2021 and were issued for the purpose of improving various ditches throughout the County. The bonds are issued for a 5-year period at 2% per annum and are considered a direct borrowing. The principal and interest paid in 2023 was \$27,219 and \$2,244, respectively. As this is an intra-county loan agreement between the County Commissioners and the County Treasurer, the principal and interest will not be included in the long term debt obligations of the County. The total principal balance remaining as of December 31, 2023 is \$84,966.

NOTE 6 - PROPERTY TAXES

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable semiannually. Historically in Madison County the first payment is due in mid-February with the remainder due in mid-June of each year. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate applied to real property for calendar year 2023 was \$10.95 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.88 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$9.77 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State of Ohio.

Telephone and inter-exchange telecommunications companies, or entities leasing property to these companies are required to file a list of personal property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for-calendar year 2023 was \$10.95 per \$1,000 of assessed valuation.

MADISON COUNTY, OHIO

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

NOTE 6 - PROPERTY TAXES – (Continued)

The assessed values upon which fiscal year 2023 taxes were collected are:

Residential/Agricultural	\$ 1,063,733,570
Commercial/Industrial/Railroad	156,267,570
Public Utilities Personal Property	<u>90,702,630</u>
Total Assessed Valuation	<u>\$ 1,310,703,770</u>

The Madison County Treasurer collects property taxes on behalf of all taxing districts within the County. The Madison County Auditor periodically remits to the taxing districts their portions of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds.

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption of tangible personal property in the County, including automobiles. 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 State Auditor 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 State Auditor then has five days in which to draw warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and Use tax revenue for 2023 amounted to \$10,686,305.

NOTE 8 - INSURANCE

A. General Risk

The County is exposed to various risks of loss related to torts, theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2023, the County contracted with the County Risk Sharing Authority (CORSA) for property, general liability, commercial fleet, liability, employee benefit, data processing equipment, 911 equipment, County Engineer contractor equipment, valuable papers additional, theft/disappearance/destruction for inside and outside, crime coverage, forgery and alteration of checks, and umbrella liability insurance. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant changes in coverage from the prior year.

B. Health

The County provides fully insured health coverage to its employees through Anthem.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- *** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- ***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,661,356 for 2023.

Net Pension Liabilities/Assets

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

MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.11355100%	0.12333000%	0.08355500%	
Proportion of the net pension liability/asset current measurement date	<u>0.11056300%</u>	<u>0.12217900%</u>	<u>0.06804100%</u>	
Change in proportionate share	<u>-0.00298800%</u>	<u>-0.00115100%</u>	<u>-0.01551400%</u>	
Proportionate share of the net pension liability	\$ 32,660,359	\$ -	\$ -	\$ 32,660,359
Proportionate share of the net pension (asset)	-	(287,963)	(5,321)	(293,284)

Actuarial Assumptions - OPERS

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

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

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MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

MADISON COUNTY, OHIO

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 48,924,128	\$ 32,660,359	\$ 19,131,822
Combined Plan	(150,280)	(287,963)	(397,082)
Member-Directed Plan	(3,402)	(5,321)	(6,804)

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 9 for a description of the net OPEB liability.

MADISON COUNTY, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MADISON COUNTY, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$35,176 for 2023.

MADISON COUNTY, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liabilities

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	OPERS
Proportion of the net OPEB liability/asset prior measurement date	0.11258900%
Proportion of the net OPEB liability current measurement date	<u>0.10965500%</u>
Change in proportionate share	<u>-0.00293400%</u>
Proportionate share of the net OPEB liability	\$ 691,396

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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MADISON COUNTY, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

MADISON COUNTY, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB liability/(asset)	\$ 2,353,196	\$ 691,396	\$ (679,861)

MADISON COUNTY, OHIO

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 648,061	\$ 691,396	\$ 740,171

NOTE 11 - CONDUIT DEBT OBLIGATIONS

During 1997, the County served as the issuer of \$2,700,000 in Multifamily Housing Revenue Bonds. The proceeds were used by a private corporation to fund the construction of an assisted living facility. The amount outstanding on this issue is \$865,000. Also, in 2002, the County served as the issuer of \$4,200,000 in Multifamily Housing Mortgage Revenue Bonds. The proceeds were used by a private corporation to acquire, construct and equip a multifamily residential rental housing facility. The amount outstanding on this issue is \$2,330,000. In 2017, the County served as the issuer of \$45,000,000 in Hospital Facilities Revenue Bonds. The proceeds were used to refund outstanding Hospital Improvement Revenue Refunding Bonds and to acquire, construct, improve and equip certain Hospital facilities. The amount outstanding on this issue is \$34,880,000. These bonds do not constitute a general obligation, debt or indebtedness of the County. None of the full faith and credit to taxing power of the County is pledged to make repayment.

NOTE 12 - HOSPITAL AGREEMENT

In 1975, the County ceased business activity at the County hospital. However, the County maintains the land and facilities of the hospital and entered into a lease agreement with the Madison County Hospital, Inc., (MCHI) to provide for the health and welfare of the people. As disclosed in Note 11 above, the County has issued conduit debt on behalf of MCHI. The County amends the lease agreement whenever new conduit debt is issued, with the most current amendment being in 1998.

According to the most recent lease agreement the County only charges MCHI a "basic rent" for the lease. "Basic rent" has been defined as an amount necessary to make the deposits required in the bond indenture and any other amounts required under the lease to be paid as "basic rent" on or prior to the respective rental payment dates during the lease term.

MADISON COUNTY, OHIO

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

NOTE 13 - INTERFUND TRANSACTIONS

Transfers made during the year ended December 31, 2023, were as follows:

Transfers To	Transfers From			Totals
	General	Motor Vehicle Gasoline Tax	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 225,014	\$ 225,014
Nonmajor Governmental Funds	1,145,390	104,619	33,335	1,283,344
Sewer Fund	141,222	-	-	141,222
Water Fund	560,663	-	-	560,663
Nonmajor Enterprise Funds	33,725	-	-	33,725
Totals	<u>\$ 1,881,000</u>	<u>\$ 104,619</u>	<u>\$ 258,349</u>	<u>\$ 2,243,968</u>

Transfers from the General Fund were made to provide monies to subsidize operations. Transfers from the Motor Vehicle Gasoline Tax Fund to nonmajor governmental funds, and transfers between nonmajor governmental funds, were made to satisfy local matching requirements or for shared costs of various programs such as capital projects. The County closed out one of its debt service funds (a nonmajor governmental fund) in 2023 and transferred the residual balance to the General Fund. All transfers were made in compliance with the Ohio Revised Code.

Advances made during the year ended December 31, 2023 were as follows:

Advances To	Advances From		Totals
	Nonmajor Governmental Funds	Water Fund	
General	\$ 152,840	\$ 139,300	\$ 292,140

The Community Development Block Grant Fund (a nonmajor governmental fund) repaid a prior year advance in 2023 which was made in order to cover a short-term cash deficit in that fund. All other advances are lending/borrowing arrangements between funds that are long-term in nature. The purpose of these advances is to allow the County to exercise its authority to use the inactive monies in funds to invest in its own securities. See Note 5 for more information.

NOTE 14 - CONTINGENCIES AND LITIGATION

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

The County is party to certain legal proceedings; however, it is the opinion of management that the ultimate disposition of claims will not have a material adverse effect on the financial condition of the County.

MADISON COUNTY, OHIO

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

NOTE 15 - BUDGETARY BASIS FUND BALANCES

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. Also, as part of Governmental Accounting Standards Board Statement No. 54, *“Fund Balance Reporting and Governmental Fund Type Definitions”*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Certificate of Title Fund, the Budget Stabilization Fund, the Medicaid Local Sales Tax Transition Fund, and the Unclaimed Money Fund. The table below presents these differences for the County’s General Fund and its major special revenue funds:

	General	Motor Vehicle Gasoline Tax	ARPA Grant
Budgetary Basis Fund Balances	\$ 14,702,527	\$ 1,399,446	\$ 150,431
Encumbrances	291,691	-	-
Fund Balances of Funds			
Combined with the General			
Fund for Reporting Purposes	5,336,370	-	-
Fund Cash Balances	\$ 20,330,588	\$ 1,399,446	\$ 150,431

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MADISON COUNTY, OHIO

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

NOTE 16 - FUND BALANCES

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

Fund Balances	General	Motor Vehicle Gasoline Tax	ARPA Grant	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Unclaimed Monies	\$ 598,765	\$ -	\$ -	\$ -	\$ 598,765
Total	598,765	-	-	-	598,765
<i>Restricted</i>					
General Government	-	-	-	6,446,047	6,446,047
Public Safety	-	-	-	3,580,314	3,580,314
Public Works	-	1,399,446	-	207,780	1,607,226
Health	-	-	-	4,294,366	4,294,366
Human Services	-	-	-	3,868,613	3,868,613
American Rescue Plan Act	-	-	150,431	-	150,431
Other	-	-	-	257,565	257,565
Capital Projects	-	-	-	818,159	818,159
Debt Service	-	-	-	13,823	13,823
Statler Trust	-	-	-	55,053	55,053
Total	-	1,399,446	150,431	19,541,720	21,091,597
<i>Committed</i>					
Capital Projects	-	-	-	237,505	237,505
Public Works	-	-	-	2,839	2,839
Total	-	-	-	240,344	240,344
<i>Assigned</i>					
Next Year's Budget	282,925	-	-	-	282,925
Future Purchases	291,691	-	-	-	291,691
Total	574,616	-	-	-	574,616
<i>Unassigned</i>					
	19,157,207	-	-	-	19,157,207
Total	\$ 20,330,588	\$ 1,399,446	\$ 150,431	\$ 19,782,064	\$ 41,662,529

MADISON COUNTY, OHIO

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

NOTE 17 - ENCUMBRANCES

At December 31, 2023, the County had encumbrance commitments in governmental funds as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 291,691
Nonmajor governmental	678,791
Total	<u>\$ 970,482</u>

NOTE 18 - TAX ABATEMENTS

Other governments entered into property tax abatement agreements with property owners under both the Community Reinvestment Agreement (“CRA”) program with the taxing districts of the County. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the County designates areas to encourage revitalization of the existing housing stock and the development of new structures. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the County. Under the agreements, the County’s property taxes were reduced by \$1,462,561 during fiscal year 2023. The County is not receiving any amounts from these other governments in association with the forgone property tax revenue.

NOTE 19 – OTHER RECEIPTS

Other operating receipts for the Business-Type Activities - Enterprise Funds on the Statement of Receipts, Disbursements and Changes in Net Position – Cash Basis – Proprietary Funds consists primarily of reimbursements of funds from the ARPA grant, rentals and various other fees.

SUPPLEMENTARY INFORMATION

Madison County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Identifying Number/ Additional Award Identification	Federal Assistance Listing Number	Passed Through To Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-2223-11-6956/G-2425-11-6165	10.561	-	264,264
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	COVID19, G-2223-11-6956	10.561	-	21,809
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program and SNAP Cluster			-	286,073
Total United States Department of Agriculture			-	286,073
United States Department of Housing and Urban Development				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-20-IBS-1	14.228	-	266,446
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-22-IBS-1	14.228	-	89,340
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-X-20-IBS-1	14.228	-	21,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-X-22-IBS-1	14.228	-	51,100
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			-	427,886
Total United States Department of Housing and Urban Development			-	427,886
United States Department of Justice				
<i>Passed Through Ohio Department of Youth Services</i>				
Delinquency Prevention Program	N/A	16.548	-	256,555
<i>Passed Through Ohio Attorney General's Office</i>				
Crime Victims Assistance	2022-VOCA-134718819	16.575	-	26,904
Crime Victims Assistance	2023-VOCA-135109073	16.575	-	4,706
Total Crime Victims Assistance			-	31,610
Total United States Department of Justice			-	288,165
United States Department of Labor				
<i>Passed through Ohio Department of Job and Family Services and Montgomery County Auditor, Workforce Investment Act, Area 7:</i>				
Unemployment Insurance	N/A	17.225	-	47,947
WIOA Cluster:				
WIA Adult Program	N/A	17.258	-	68,757
WIA Youth Activities	N/A	17.259	-	59,189
WIA Dislocated Workers Formula Grants	N/A	17.278	-	41,594
Total WIOA Cluster			-	169,540
WIA National Dislocated Workers Formula Grants/National Emergency Grants	N/A	17.277	-	1,321
Total United States Department of Labor			-	218,808
United States Department of Transportation				
<i>Direct:</i>				
Airport Improvement Program	3-39-0047-028-2022	20.106	-	47,512
Airport Improvement Program	3-39-0047-027-2022	20.106	-	60,581
Total Airport Improvement Program			-	108,093
<i>Passed through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	113419	20.205	-	1,060,457
Total United States Department of Transportation			-	1,168,550

-Continued

Madison County, Ohio
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2023

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity Identifying Number/ Additional Award Identification	Federal Assistance Listing Number	Passed Through To Subrecipients	Total Federal Expenditures
United States Department of the Treasury				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	COVID-19, G-2223-11-6956/G-2425-11-6165	21.027	-	88,824
<i>Passed through the Ohio Department of Public Safety:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	COVID-19, 2022-AR-LEP-1043	21.027	-	217,000
<i>Direct</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	COVID-19, SLFRP3273	21.027	-	7,847,374
Total Coronavirus Relief Fund and Local Fiscal Recovery Funds and United States Department of the Treasury			-	8,153,198
United States Department of Education				
<i>Passed through the Ohio Department of Education:</i>				
COVID-19 Governor's Emergency Education Relief (GEER)	COVID-19, N/A	84.425C	-	15,236
<i>Passed through Ohio Department of Developmental Disabilities:</i>				
Special Education-Grants for Infants and Families	H181A210024	84.181	-	60,853
COVID-19 - Special Education-Grants for Infants and Families - ARPA	COVID-19, H181X210024	84.181	-	15,236
Total Special Education - Grants for Infants and Families			-	76,089
Total United States Department of Education			-	91,325
United States Election Assistance Commission:				
<i>Passed Through Ohio Secretary of State:</i>				
HAVA Election Security Grant	MB9NNTEEAES1	90.404	-	950
Total United States Election Assistance Commission			-	950
United States Department of Health and Human Services				
<i>Passed Through Ohio Department of Mental Health Addiction Services:</i>				
MaryLee Allen Promoting Safe and Stable Families	N/A	93.556	-	15,315
<i>Passed Through Ohio Department of Job and Family Services:</i>				
MaryLee Allen Promoting Safe and Stable Families	G-2223-11-6956/G-2425-11-6165	93.556	-	36,847
Total MaryLee Allen Promoting Safe and Stable Families			-	52,162
<i>Passed through the Miami Valley Child Development Center:</i>				
Temporary Assistance for Needy Families	220OHTANF	93.558	-	66,948
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Temporary Assistance for Needy Families	G-2223-11-6956/G-2425-11-6165	93.558	64,773	906,406
Total Temporary Assistance for Needy Families			64,773	973,354
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Child Support Services	G-2223-11-6956/G-2425-11-6165	93.563	-	278,152
<i>Passed Through Ohio Department of Job and Family Services:</i>				
CCDF Cluster:				
Child Care and Development Block Grant	G-2223-11-6956/G-2425-11-6165	93.575	-	36,237
Total CCDF Cluster:			-	36,237
<i>Passed Through Miami Valley Child Development Center:</i>				
Head Start Cluster:				
Head Start	N/A	93.600	-	288,405
Total Head Start Cluster			-	288,405
<i>Passed Through Ohio Department of Mental Health Addiction Services:</i>				
Stephanie Tubbs Jones Child Welfare Services Program	N/A	93.645	-	1,996
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Stephanie Tubbs Jones Child Welfare Services Program	G-2425-11-6165	93.645	-	42,032
Total Stephanie Tubbs Jones Child Welfare Services Program			-	44,028

-Continued

Madison County, Ohio
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2023

Federal Grantor <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Identifying Number/ Additional Award Identification	Federal Assistance Listing Number	Passed Through To Subrecipients	Total Federal Expenditures
<i>Passed Through Ohio Department of Job and Family Services:</i> Foster Care - Title IV-E	G-2223-11-6956/G-2425-11-6165	93.658	-	387,181
<i>Passed Through Ohio Department of Job and Family Services:</i> Adoption Assistance	G-2223-11-6956/G-2425-11-6165	93.659	-	121,793
<i>Passed Through Ohio Department of Job and Family Services:</i> Social Services Block Grant				
Social Services Block Grant - Title XX - Base Subsidy	G-2223-11-6956/G-2425-11-6165	93.667	-	109,099
Social Services Block Grant - Title XX - Transfer Subsidy	G-2223-11-6956/G-2425-11-6165	93.667	-	186,902
<i>Passed through Ohio Department of Developmental Disabilities:</i> Social Services Block Grant	2301OHSOSR	93.667	-	28,251
Total Social Services Block Grant			-	324,252
<i>Passed Through Ohio Department of Job and Family Services:</i> John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-2223-11-6956/G-2425-11-6165	93.674	-	10,306
<i>Passed Through Ohio Department of Job and Family Services:</i> Elder Abuse Prevention Interventions Program	G-2223-11-6956	93.747	-	4,820
COVID-19 - Elder Abuse Prevention Interventions Program	COVID-19, G-2223-11-6956	93.747	-	3,359
Total Elder Abuse Prevention Interventions Program			-	8,179
<i>Passed Through Ohio Department of Job and Family Services:</i> Medicaid Cluster				
Medical Assistance Program	G-2223-11-6956	93.778	-	599,830
Total Medicaid Cluster:			-	599,830
<i>Passed Through Mental Health and Recovery Board of Clark, Green & Madison Counties:</i> Block Grants for Prevention and Treatment of Substance Abuse	N/A	93.959	-	103,658
Total United States Department of Health and Human Services			64,773	3,227,537
United States Department of Homeland Security				
<i>Passed Through Ohio Emergency Management Agency:</i> Emergency Management Performance Grants	EMC-2021-EP-00002	97.042	-	13,148
Emergency Management Performance Grants	EMC-2022-EP-00006	97.042	-	54,305
Total Emergency Management Performance Grants			-	67,453
Total United States Department of Homeland Security			-	67,453
Total Expenditures of Federal Awards			64,773	13,929,945

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MADISON COUNTY, OHIO

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The County has not elected to use the 10 % de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 - MATCHING REQUIREMENTS

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

NOTE 5 - TRANSFERS BETWEEN PROGRAM YEARS

During fiscal year 2023, the County made allowable transfers of \$186,902 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$906,406 in the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2023 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	93.558	\$	1,093,308
Transfer to Social Services Block Grant	93.667	\$	(186,902)
Total Temporary Assistance for Needy Families	93.558	\$	<u>906,406</u>

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

Madison County
1 North Main Street
London, Ohio 43140

To the Members of the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Madison County's basic financial statements and have issued our report thereon dated June 26, 2024, wherein we noted Madison County uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison 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 Madison County's internal control. Accordingly, we do not express an opinion on the effectiveness of Madison 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 Madison County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-002 that we consider to be a material weakness.

Madison County

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-001 and 2023-002.

Madison County's Responses to the Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison 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 Madison County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 26, 2024

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

Madison County
1 North Main Street
London, Ohio 43140

To the Members of the Board of Commissioners:

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Madison County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Madison County's major federal programs for the year ended December 31, 2023. Madison County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

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 Madison County's federal programs.

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

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 Madison 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 Madison 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 Madison 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 Madison 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 Madison County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 26, 2024

MADISON COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2023

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (listed):	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

MADISON COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2023

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Noncompliance – Annual Financial Report:

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

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

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

Finding Number	2023-002
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Noncompliance/Material Weakness - Reconciliations:

Ohio Administrative Code Section 117-2-02 provides each public office shall maintain an accounting system and accounting records sufficient to (1) enable the public office to identify, assemble, analyze, classify, record and report its transactions, (2) maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), (3) document compliance with finance-related legal and contractual requirements and (4) prepare financial statements required by Ohio Administrative Code Section 117-2-03. The completion of timely monthly bank reconciliations to zero unidentified differences is critical to maintaining an accounting system and accounting records sufficient to meet the above requirements.

Bank reconciliations were not reconciled to a zero unidentified difference. At year end the book to bank difference was \$366,224, which is made up of \$406,759 that should be carried on the bank reconciliation as an investment from the tax anticipation note issued to the Madison County Emergency Management District, and (\$40,535) as unidentified. The County did not maintain an accounting system and accounting records required by Ohio Administrative Code Section 117-2-02.

Without timely monthly bank reconciliations to a zero unidentified differences the County is at risk of mis-postings of receipts and disbursements which could lead to inaccurate financial reporting and the potential for misstatement.

We recommend the County design and implement additional policies and procedures to facilitate more accurate and detailed reconciliations. The County should also consider having an outside third-party review the accounting system and accounting records to complete a full reconciliation to identify all unknown differences between the book and bank balances.

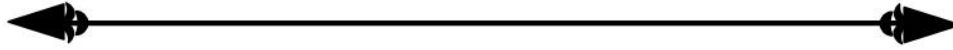
MADISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Jennifer S. Hunter CPA

Madison County Auditor



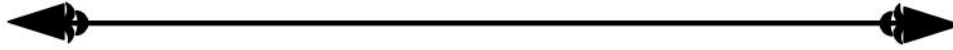
1 North Main Street
 PO Box 47
 London, OH 43140-0047
 Telephone: (740) 852-9717
 Fax: (740) 852-5752
 Email: auditor@co.madison.oh.us

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2022-001	Unknown	<u>Noncompliance – Annual Financial Report</u> - Ohio Admin. Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements in accordance with the cash basis of accounting.	Not Corrected	Finding repeated as 2023-001 as the County prepared cash basis financial statements.
2022-002	2021	<u>Noncompliance/Material Weakness - Reconciliations</u> -Ohio Administrative Code Section 117-2-02 provides each public office shall maintain an accounting system and accounting records. The completion of timely monthly bank reconciliations to zero unidentified differences is critical to maintaining an accounting system and accounting records sufficient to meet the above requirements. Bank reconciliations were not reconciled to a zero unidentified difference. At year end the remaining unidentified differences amounted to \$504,518.	Not Corrected	Finding repeated as 2023-002 as the County bank reconciliations were not reconciled to a zero unidentified difference.

Jennifer S. Hunter CPA

Madison County Auditor



1 North Main Street
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 Fax: (740) 852-5752
 Email: auditor@co.madison.oh.us

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The County Auditor is planning, along with their independent accounting firm, to eventually report the County’s financial statements on the GAAP basis.	Unknown	Jennifer Hunter, Auditor
2023-002	The County Auditor is working closely with the County Treasurer’s office to establish processes to reconcile book balance with bank balance each month.	December 31, 2024	Jennifer Hunter, Auditor

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OHIO AUDITOR OF STATE KEITH FABER



MADISON 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 8/27/2024

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

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