



OHIO AUDITOR OF STATE
KEITH FABER



**SCIOTO COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) General Fund	25
Public Assistance Special Revenue Fund	26
Motor Vehicle Gas Tax Special Revenue Fund.....	27
Board of Developmental Disabilities Special Revenue Fund	28
Children Services Special Revenue Fund	29
Statement of Fund Net Position	
Enterprise Fund	30
Statement of Revenues, Expenses and Changes in Fund Net Position Enterprise Fund	31
Statement of Cash Flows	
Enterprise Fund	32
Statement of Fiduciary Net Position	
Custodial Funds.....	33

**SCIOTO COUNTY
DECEMBER 31, 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Changes in Fiduciary Net Position Custodial Funds.....	34
Notes to the Basic Financial Statements.....	35
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System - Traditional Plan – Last Six Years.....	100
Schedule of the County's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System - Combined Plan – Last Two Years.....	102
Schedule of the County's Proportionate Share of the Net OPEB Liability – Ohio Public Employees Retirement System - OPEB Plan - Last Three Years.....	103
Schedule of the County's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio - Last Seven Fiscal Years.....	104
Schedule of the County's Proportionate Share of the Net OPEB Liability – State Teachers Retirement System Of Ohio - Last Three Fiscal Years.....	106
Schedule of County Contributions – Ohio Public Employees Retirement System - Last Seven Years.....	108
Schedule of County Contributions – State Teachers Retirement System Of Ohio – Last Ten Years.....	110
Notes to Required Supplementary Information.....	112
Schedule of Expenditures of Federal Awards.....	115
Notes to the Schedule of Expenditures of Federal Awards.....	118
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	121
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	123
Schedule of Findings.....	125

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scioto County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities and Children Services Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2019, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, as discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 26, 2020

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scioto County's (the "County") discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

The County's total net position decreased \$292,620 during 2019. Net position of governmental activities decreased \$1,611,210. Net position of the business-type activity increased \$1,318,590.

General revenues of governmental activities accounted for \$27,876,007. Program specific revenues in the form of charges for services and sales, grants, and contributions restricted to specific programs accounted for \$39,653,488.

The Sewer Enterprise Fund reflected operating income of \$1,782,546.

The County had \$69,143,962 in expenses related to governmental activities: \$39,653,488 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements, property taxes and sales taxes) of \$27,876,007 were not adequate to provide for these programs. The County had \$4,369,995 in expenses related to its business-type activity; all of which were offset by program specific charges for services and sales along with operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE COUNTY AS A WHOLE

Statement of Net Position and the Statement of Activities

The analysis of the County as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine if Scioto County is financially better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes to those net positions. This change informs the reader whether the County's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the County's financial well-being. Some of these factors include the County's tax base and the condition of capital assets.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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

Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and transportation.

Business-Type Activity – This activity includes fees for sewer services that are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

The financial activities of the Scioto County Airport Authority, Scioto County Land Reutilization Corporation, and the Southern Ohio Port Authority are component units of Scioto County, are presented in a single column on the Statement of Net Position and are combined together on the Statement of Activities. The component units are presented in individual columns on the Condensed Component Unit Statements in Note 27. While the County provides services and resources to the Scioto County Airport Authority, Scioto County Land Reutilization Corporation, and the Southern Ohio Port Authority, these discrete presentations are made in order to emphasize that they are still legally separate organizations from the County. However, focus on the government-wide financial statements remains clearly on the County as the primary government.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the County's major funds begins on page 11. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for the use of grants. The County's major funds are the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, Children Services, and Sewer Funds.

Governmental Funds – Most of the County's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds – When the County charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Position looks at the County as a whole. Table 1 provides a summary of the County's net position for 2019 compared to 2018.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Assets						
Current and						
Other Assets	\$66,198,507	\$62,317,798	\$8,469,737	\$7,226,316	\$74,668,244	\$69,544,114
Investment in						
Joint Venture	326,954	286,407	0	0	326,954	286,407
Capital Assets,						
Net of Depreciation	82,366,330	80,777,904	50,759,404	51,482,035	133,125,734	132,259,939
Total Assets	<u>148,891,791</u>	<u>143,382,109</u>	<u>59,229,141</u>	<u>58,708,351</u>	<u>208,120,932</u>	<u>202,090,460</u>
Deferred Outflows of Resources						
Deferred Charge on						
Refunding	124,745	138,110	0	0	124,745	138,110
Pension	12,122,901	6,027,992	454,356	221,031	12,577,257	6,249,023
OPEB	1,446,504	1,157,253	54,949	42,117	1,501,453	1,199,370
Total Deferred Outflows	<u>13,694,150</u>	<u>7,323,355</u>	<u>509,305</u>	<u>263,148</u>	<u>14,203,455</u>	<u>7,586,503</u>
Liabilities						
Current and Other						
Liabilities	4,010,453	3,686,233	667,312	1,170,238	4,677,765	4,856,471
Long-Term Liabilities:						
Due Within						
One Year	2,071,624	1,869,743	650,170	647,391	2,721,794	2,517,134
Due in More						
Than One Year						
Net Pension Liability	40,802,392	24,130,230	1,517,185	866,820	42,319,577	24,997,050
OPEB Liability	17,837,055	15,008,641	686,039	569,948	18,523,094	15,578,589
Other Amounts	4,815,459	5,815,179	21,210,550	21,792,459	26,026,009	27,607,638
Total Liabilities	<u>69,536,983</u>	<u>50,510,026</u>	<u>24,731,256</u>	<u>25,046,856</u>	<u>94,268,239</u>	<u>75,556,882</u>
Deferred Inflows of Resources						
Property Taxes	9,991,089	9,552,096	0	0	9,991,089	9,552,096
Revenue in Lieu of Taxes	19,800	19,800	0	0	19,800	19,800
Pension	1,026,928	5,925,304	25,025	217,257	1,051,953	6,142,561
OPEB	365,512	1,441,399	5,370	49,181	370,882	1,490,580
Total Deferred Inflows	<u>\$11,403,329</u>	<u>\$16,938,599</u>	<u>\$30,395</u>	<u>\$266,438</u>	<u>\$11,433,724</u>	<u>\$17,205,037</u>

(continued)

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 1
Net Position
(Continued)

	Governmental Activities		Business-Type Activity		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Net Position						
Net Invested in						
Capital Assets	\$77,837,759	\$75,804,393	\$29,222,057	\$29,389,751	\$107,059,816	\$105,194,144
Restricted for:						
Debt Service	46,247	40,004	0	0	46,247	40,004
Capital Projects	1,047,827	703,179	0	0	1,047,827	703,179
Other Purposes	30,737,240	26,901,383	0	0	30,737,240	26,901,383
Unrestricted (Deficit)	(28,023,444)	(20,192,120)	5,754,738	4,268,454	(22,268,706)	(15,923,666)
Total Net Position	\$81,645,629	\$83,256,839	\$34,976,795	\$33,658,205	\$116,622,424	\$116,915,044

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Total assets of the County’s governmental activities increased \$5,509,682. The County’s current and other assets increased \$3,880,709. The total increase was mainly due to an increase in State funding. Capital Assets, Net of Depreciation increased \$1,588,426, due to the County acquiring additional land improvements and furniture, fixtures, and equipment compared to 2018. The deferred outflows increased \$6,370,795 as a result of the net pension liability calculation.

The net pension liability increase of \$16,672,162 represents the County’s proportionate share of the STRS and OPERS traditional and combined plan’s unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Net position of the County's governmental activities decreased \$1,611,210 from the prior year. Net invested in capital assets increased \$2,033,366 mostly due to current year asset additions exceeding deletions and depreciation along with 2019 debt payments. Unrestricted net position decreased \$7,831,324, which is primarily due to changes related to net pension and net OPEB plans.

Net position of the County's business-type activities increased \$1,318,590. Total assets increased \$520,790 mainly due to an increase cash from revenues outpacing expenses. Total liabilities decreased \$315,600 mainly due to a decrease in current liabilities. Current liabilities decreased due to the County paying the City of Portsmouth for sewage services. Unrestricted net position increased \$1,486,284, which is mainly due to revenues exceeding expenses.

Table 2 shows the changes in net position for the years ended December 31, 2019, and 2018.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,727,412	\$7,263,987	\$5,599,772	\$4,140,368	\$13,327,184	\$11,404,355
Operating Grants and Contributions	27,355,389	24,785,092	53,544	0	27,408,933	24,785,092
Capital Grants and Contributions	4,570,687	1,653,854	0	2,274,065	4,570,687	3,927,919
Total Program Revenues	39,653,488	33,702,933	5,653,316	6,414,433	45,306,804	40,117,366
General Revenues:						
Property Taxes	9,997,961	9,202,569	0	0	9,997,961	9,202,569
Other Local Taxes	577,563	623,401	0	0	577,563	623,401
Sales Tax	11,514,699	11,049,221	0	0	11,514,699	11,049,221
Revenue in Lieu of Taxes	89	162	0	0	89	162
Grants and Entitlements not Restricted to Specific Programs	3,689,206	2,364,685	0	0	3,689,206	2,364,685
Interest	442,605	99,345	0	0	442,605	99,345
Miscellaneous	1,653,884	1,001,707	38,526	39,595	1,692,410	1,041,302
Total General Revenues	27,876,007	24,341,090	38,526	39,595	27,914,533	24,380,685
Total Revenues	\$67,529,495	\$58,044,023	\$5,691,842	\$6,454,028	\$73,221,337	\$64,498,051

(continued)

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 2
Changes in Net Position
(Continued)

	Governmental Activities		Business-Type Activity		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Program Expenses						
General Government:						
Legislative and Executive	\$11,127,006	\$11,163,843	\$0	\$0	\$11,127,006	\$11,163,843
Judicial	4,207,940	3,564,335	0	0	4,207,940	3,564,335
Public Safety:						
Sheriff	8,506,794	7,590,289	0	0	8,506,794	7,590,289
Other	3,180,743	2,769,006	0	0	3,180,743	2,769,006
Public Works	9,626,607	5,295,132	0	0	9,626,607	5,295,132
Health	11,876,274	11,535,280	0	0	11,876,274	11,535,280
Human Services	18,156,605	15,311,549	0	0	18,156,605	15,311,549
Conservation and Recreation	390,935	377,052	0	0	390,935	377,052
Economic Development and Assistance	907,882	1,007,919	0	0	907,882	1,007,919
Transportation	936,090	881,856	0	0	936,090	881,856
Interest and Fiscal Charges	227,086	250,489	0	0	227,086	250,489
Sewer	0	0	4,369,995	4,453,963	4,369,995	4,453,963
Total Expenses	69,143,962	59,746,750	4,369,995	4,453,963	73,513,957	64,200,713
Change in Net Position Before Transfers	(1,614,467)	(1,702,727)	1,321,847	2,000,065	(292,620)	297,338
Transfers	3,257	15,000	(3,257)	(15,000)	0	0
Change in Net Position	(1,611,210)	(1,687,727)	1,318,590	1,985,065	(292,620)	297,338
Restatement	0	783,782	0	0	0	783,782
Net Position at Beginning of Year	83,256,839	84,160,784	33,658,205	31,673,140	116,915,044	115,833,924
Net Position at End of Year	\$81,645,629	\$83,256,839	\$34,976,795	\$33,658,205	\$116,622,424	\$116,915,044

Governmental Activities

The County's direct charges to users of governmental services are \$7,727,412 of total governmental revenues for 2019. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, recording fees, sheriff contracts, transportation fees, fines and forfeitures related to judicial activity, housing fees for prisoners from other jurisdictions, and licenses and permits.

Operating grants and contributions restricted to specific programs is the largest source of revenue for Scioto County. The major recipients of operating grants and contributions were the Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Funds. Operating grants and contributions increased \$2,570,297, which is mainly due to an increase in State funding. The capital grants and contributions increased mostly due to the implementation of GASB 84. In prior years, a fund related to the County Engineer was classified as an agency fund but under GASB 84 has been reclassified as a governmental fund.

Property Tax revenue increased \$795,392 compared to 2018. This increase is mainly due to an increase in the County's assessed value.

Grants and entitlements not restricted to specific programs increased \$1,324,521 mainly due to increase in motor vehicle and gas tax revenue from the State.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Public Works made up \$9,626,607 of total expenses and increased \$4,331,475 compared to 2018. This increase is due to the implementation of GASB 84. In prior years a fund related to the County Engineer was an agency fund and now is a governmental fund. Human Services (including Public Assistance and Children Services) programs accounted for \$18,156,605 of total expenses for governmental activities and increased \$2,845,056. General Government expenses accounted for \$15,334,946 of total expenses for governmental activities, an increase of \$606,768.

The County Commissioners have a quality of life commitment to the citizens and businesses located within the County. For example, the Commissioners continue to provide county-wide transportation through Access Scioto County, maintain infrastructure assets, such as roads and bridges, and maintain the jail to provide further safety for all citizens.

Business-Type Activity

The net position for business-type activity increased \$1,318,590 during 2019. The increase in 2019 is mainly due revenues outpacing expenses.

THE COUNTY'S FUNDS

Information about the County's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$66,162,516 and expenditures of \$64,403,781.

The General Fund balance decreased \$1,345,527 in 2019. This is primarily due to transferring money to help support other County funds.

The Public Assistance Fund balance increased \$95,777, which was mostly due to revenues outpacing expenditures.

The Motor Vehicle Gas Tax Fund balance increased \$1,261,408. This resulted from the County receiving an increase in motor vehicle and gas tax revenue from the State.

The Board of Developmental Disabilities Fund balance increased \$1,231,777 in 2019. Despite total revenues decreasing compared to 2018, the fund balance increased due to management closely monitoring expenditures.

The Children Services Fund balance decreased \$52,355, which is insignificant.

The Sewer Fund reflects operating income of \$1,782,546 for 2019. Charges for services for sewer utilities have historically been established to ensure that, on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted, the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

During 2019, the County amended its General Fund budget as needed. There was a \$100,000 increase from original budget revenue amounts to the final budget revenue amounts. This increase is mainly due to the County expecting more sales tax revenue than originally anticipated. There were increases in actual revenue from final estimated revenue in most revenue accounts but the most significant was in intergovernmental revenue, which was due to an increase in funding from the State.

Total variance from original budget expenditure amounts to the final budget expenditure amounts increased mostly in legislative and executive due to greater costs associated with various purposes such as utilities, maintenance, supplies and health insurance costs which were not anticipated in the original budget. The variances from final budget expenditure amounts to actual amounts decreased in all expenditure categories with the largest in legislative and executive. This decrease was due to some expenditures that were initially budgeted for payment in 2019 but did not actually occur until 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2019, the County had additions to land, construction in progress and depreciable assets of \$190,362, \$330,770 and \$5,167,432, respectively, in the governmental activities. These were the result of various construction projects that were in process but not completed at year end, buildings and improvements, equipment and vehicle acquisitions, and infrastructure additions.

The additions to construction in progress and depreciable assets consisted of \$169,552 and \$151,408, respectively, in the business-type activities. These were related to sewer construction projects that were in process but not completed at year end along with equipment and vehicle additions that occurred during the year. See Note 10 of the notes to the basic financial statements for more detailed capital assets information.

Debt

At December 31, 2019, Scioto County had \$4,942,486 in long-term debt outstanding in governmental activities. This included \$4,732,661 of general obligation bonds and premium and \$209,825 in capital leases.

The amount of long-term debt in the business-type activity was \$21,765,315 which consisted of \$1,774,701 in general obligation bonds, \$2,228,284 in Farmer's Home Administration (FHA) bonds, \$897,431 in Ohio Public Works Commission (OPWC) loans, and \$16,864,899 in the Ohio Water Development Authority (OWDA) and the United States Department of Agriculture (USDA) loans.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The County's long-term obligations also included compensated absences and net pension/OPEB liability for governmental and business-type activities, as well as a liability for the Ohio Bureau of Workers' Compensation Retrospective Rating Program.

See Notes 15 and 16 of the notes to the basic financial statements for more detailed information.

CURRENT ISSUES

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plans in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or State, cannot be estimated. The COVID-19 pandemic may have a significant impact on revenue for 2020. This includes sales tax, local government, and casino revenue collections.

CONTACTING THE COUNTY AUDITOR'S OFFICE

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David L. Green, County Auditor, Scioto County, 602 Seventh Street, Room 103, Portsmouth, Ohio 45662.

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Statement of Net Position
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activity	Total	
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$38,996,198	\$5,715,719	\$44,711,917	\$321,799
Cash and Cash Equivalents in Segregated Accounts	347,162	324,308	671,470	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	346
Accrued Interest Receivable	29,335	0	29,335	0
Materials and Supplies Inventory	546,893	11,553	558,446	0
Accounts Receivable	66,730	2,293,957	2,360,687	1,185
Prepaid Items	581,594	44,759	626,353	1,371
Sales Tax Receivable	3,113,707	0	3,113,707	0
Property Taxes Receivable	12,158,389	0	12,158,389	0
Revenue in Lieu of Taxes Receivable	19,800	0	19,800	0
Due from Other Governments	9,314,526	0	9,314,526	361,586
Loans Receivable	253,869	76,613	330,482	0
Due from Component Unit	595,234	0	595,234	0
Investment in Joint Venture	326,954	0	326,954	0
Assets Held for Resale	0	0	0	2,166,718
Net Pension Asset	73,538	2,828	76,366	0
Net OPEB Asset	101,532	0	101,532	0
Capital Assets:				
Land and Construction in Progress	2,299,279	787,671	3,086,950	1,482,711
Depreciable Capital Assets, Net	80,067,051	49,971,733	130,038,784	1,708,284
Total Assets	148,891,791	59,229,141	208,120,932	6,044,000
<u>Deferred Outflows Of Resources:</u>				
Deferred Charge On Refunding	124,745	0	124,745	0
Pension	12,122,901	454,356	12,577,257	0
OPEB	1,446,504	54,949	1,501,453	0
Total Deferred Outflows of Resources	13,694,150	509,305	14,203,455	0
<u>Liabilities:</u>				
Accounts Payable	1,536,395	154,853	1,691,248	12,892
Contracts Payable	705,830	34,760	740,590	5,338
Accrued Wages Payable	807,733	21,921	829,654	0
Due to Other Governments	693,614	50,032	743,646	0
Payroll Withholdings	147,993	6,213	154,206	0
Accrued Interest Payable	14,568	371,412	385,980	0
Compensatory Time Payable	79,972	28,121	108,093	0
Retainage Payable	24,348	0	24,348	0
Due to Primary Government	0	0	0	595,234
Accrued Liabilities	0	0	0	47,343
Due to Grantors	0	0	0	39,264
Unearned Revenue	0	0	0	104,994
Long-Term Liabilities:				
Due Within One Year	2,071,624	650,170	2,721,794	0
Due in More Than One Year:				
Net Pension Liability (See Note 12)	40,802,392	1,517,185	42,319,577	0
Net OPEB Liability (See Note 13)	17,837,055	686,039	18,523,094	0
Other Amounts	4,815,459	21,210,550	26,026,009	0
Total Liabilities	69,536,983	24,731,256	94,268,239	805,065
<u>Deferred Inflows Of Resources:</u>				
Property Taxes	9,991,089	0	9,991,089	0
Revenue In Lieu Of Taxes	19,800	0	19,800	0
Pension	1,026,928	25,025	1,051,953	87,172
OPEB	365,512	5,370	370,882	51,559
Total Deferred Inflows Of Resources	11,403,329	30,395	11,433,724	138,731
<u>Net Position:</u>				
Net Investment in Capital Assets	77,837,759	29,222,057	107,059,816	3,095,761
Restricted for:				
Debt Service	46,247	0	46,247	0
Capital Projects	1,047,827	0	1,047,827	0
Public Safety	3,193,840	0	3,193,840	0
Human Services	7,699,957	0	7,699,957	0
Public Works	6,176,485	0	6,176,485	0
Health	9,159,365	0	9,159,365	0
Community and Economic Development	1,248,284	0	1,248,284	0
Transportation	156,297	0	156,297	0
Judicial	760,714	0	760,714	0
Legislative and Executive	2,318,251	0	2,318,251	0
Conservation and Recreation	24,047	0	24,047	0
Unrestricted (Deficit)	(28,023,444)	5,754,738	(22,268,706)	2,004,443
Total Net Position	\$81,645,629	\$34,976,795	\$116,622,424	\$5,100,204

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government:				
Legislative and Executive	\$11,127,006	\$2,197,912	\$50,000	\$0
Judicial	4,207,940	1,004,886	406,829	0
Public Safety:				
Sheriff	8,506,794	2,468,206	280,480	0
Other	3,180,743	376,051	921,600	0
Public Works	9,626,607	87,692	5,628,233	4,570,687
Health	11,876,274	396,443	4,494,199	0
Human Services	18,156,605	913,651	13,974,172	0
Conservation and Recreation	390,935	28,871	40,547	0
Economic Development and Assistance	907,882	28,893	1,024,179	0
Transportation	936,090	224,807	535,150	0
Interest and Fiscal Charges	227,086	0	0	0
<i>Total Governmental Activities</i>	69,143,962	7,727,412	27,355,389	4,570,687
<u>Business-Type Activity:</u>				
Sewer	4,369,995	5,599,772	53,544	0
<i>Total Primary Government</i>	\$73,513,957	\$13,327,184	\$27,408,933	\$4,570,687
<i>Component Units</i>	\$1,133,524	\$140,094	\$1,092,921	\$97,328

General Revenues:

Property Taxes Levied for:
 General Purposes
 Board of Developmental Disabilities
 Children Services
 Other Purposes
Other Local Taxes
Sales Tax
Revenue in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year - Restated (See Note 3)

Net Position at End of Year

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activity	Total	Component Units
(\$8,879,094)	\$0	(\$8,879,094)	\$0
(2,796,225)	0	(2,796,225)	0
(5,758,108)	0	(5,758,108)	0
(1,883,092)	0	(1,883,092)	0
660,005	0	660,005	0
(6,985,632)	0	(6,985,632)	0
(3,268,782)	0	(3,268,782)	0
(321,517)	0	(321,517)	0
145,190	0	145,190	0
(176,133)	0	(176,133)	0
(227,086)	0	(227,086)	0
(29,490,474)	0	(29,490,474)	0
0	1,283,321	1,283,321	0
(29,490,474)	1,283,321	(28,207,153)	0
0	0	0	196,819
2,097,005	0	2,097,005	0
6,223,901	0	6,223,901	0
1,069,583	0	1,069,583	0
607,472	0	607,472	0
577,563	0	577,563	0
11,514,699	0	11,514,699	0
89	0	89	0
3,689,206	0	3,689,206	0
442,605	0	442,605	272
1,653,884	38,526	1,692,410	1,350
27,876,007	38,526	27,914,533	1,622
3,257	(3,257)	0	0
27,879,264	35,269	27,914,533	1,622
(1,611,210)	1,318,590	(292,620)	198,441
83,256,839	33,658,205	116,915,044	4,901,763
\$81,645,629	\$34,976,795	\$116,622,424	\$5,100,204

SCIOTO COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$14,280,998	\$1,317,109	\$3,424,641
Cash and Cash Equivalents in			
Segregated Accounts	92,258	0	0
Receivables:			
Sales Tax	3,113,707	0	0
Property Taxes	2,685,920	0	0
Accounts	21,065	0	0
Accrued Interest	29,335	0	0
Interfund	91,522	56,218	0
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	1,184,168	702,152	2,647,271
Due from Component Unit	595,234	0	0
Prepaid Items	288,586	66,623	26,618
Materials and Supplies Inventory	79,960	18,011	396,046
Loans Receivable	157,500	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>154,436</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$22,774,689</u></u>	<u><u>\$2,160,113</u></u>	<u><u>\$6,494,576</u></u>
<u>Liabilities:</u>			
Accounts Payable	\$383,551	\$456,865	\$60,976
Contracts Payable	0	0	35,830
Accrued Wages Payable	254,016	140,297	54,805
Due to Other Governments	297,628	52,809	21,482
Payroll Withholdings	71,082	16,087	6,099
Interfund Payable	23,742	38,570	0
Retainage Payable	<u>8,919</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,038,938</u>	<u>704,628</u>	<u>179,192</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes not Levied to Finance Current			
Year Operations	2,186,132	0	0
Payment in Lieu of Taxes not Intended to Finance			
Current Year Operations	0	0	0
Unavailable Revenue	<u>2,539,534</u>	<u>0</u>	<u>1,682,301</u>
<i>Total Deferred Inflows of Resources</i>	<u>4,725,666</u>	<u>0</u>	<u>1,682,301</u>
<u>Fund Balances:</u>			
Nonspendable	662,982	84,634	422,664
Restricted	0	1,370,851	4,210,419
Committed	0	0	0
Assigned	819,814	0	0
Unassigned (Deficit)	<u>15,527,289</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u>17,010,085</u>	<u>1,455,485</u>	<u>4,633,083</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$22,774,689</u></u>	<u><u>\$2,160,113</u></u>	<u><u>\$6,494,576</u></u>

See Accompanying Notes to the Basic Financial Statements

Board of Developmental Disabilities Fund	Children Services Fund	Nonmajor Governmental Funds	Total
\$6,443,083	\$1,915,369	\$11,460,562	\$38,841,762
0	0	254,904	347,162
0	0	0	3,113,707
7,459,111	1,241,446	771,912	12,158,389
16,769	0	28,896	66,730
0	0	0	29,335
0	0	46,193	193,933
14,400	3,600	1,800	19,800
1,750,564	818,099	2,212,272	9,314,526
0	0	0	595,234
74,679	18,724	106,364	581,594
5,013	0	47,863	546,893
0	0	96,369	253,869
0	0	0	154,436
<u>\$15,763,619</u>	<u>\$3,997,238</u>	<u>\$15,027,135</u>	<u>\$66,217,370</u>
\$103,271	\$317,788	\$213,944	\$1,536,395
0	0	670,000	705,830
221,568	31,276	105,771	807,733
168,666	23,038	129,991	693,614
20,828	9,145	24,752	147,993
0	0	131,621	193,933
0	0	15,429	24,348
<u>514,333</u>	<u>381,247</u>	<u>1,291,508</u>	<u>4,109,846</u>
6,142,637	1,021,501	640,819	9,991,089
14,400	3,600	1,800	19,800
<u>2,782,448</u>	<u>772,553</u>	<u>1,193,168</u>	<u>8,970,004</u>
<u>8,939,485</u>	<u>1,797,654</u>	<u>1,835,787</u>	<u>18,980,893</u>
79,692	18,724	154,227	1,422,923
6,230,109	1,799,613	11,376,354	24,987,346
0	0	350,882	350,882
0	0	25,155	844,969
0	0	(6,778)	15,520,511
<u>6,309,801</u>	<u>1,818,337</u>	<u>11,899,840</u>	<u>43,126,631</u>
<u>\$15,763,619</u>	<u>\$3,997,238</u>	<u>\$15,027,135</u>	<u>\$66,217,370</u>

SCIOTO COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2019

Total Governmental Fund Balances \$43,126,631

*Amounts reported for governmental activities in the
 Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,963,956	
Construction in progress	335,323	
Depreciable capital assets	142,664,586	
Accumulated depreciation	<u>(62,597,535)</u>	
Total capital assets		82,366,330

The County has an investment interest in joint venture assets, which is part of the County's overall governmental activities. 326,954

Other long-term assets will not be available to pay current-period expenditures and, therefore, are offset by deferred inflows of resources in the funds:

Sales tax	1,175,855	
Delinquent property taxes	2,177,967	
Accounts	12,392	
Intergovernmental	5,497,524	
Interest	11,032	
Due from Component Unit	<u>95,234</u>	
Total		8,970,004

Deferred Outflows of Resources represent deferred charges on refundings which do not provide current year financial resources and, therefore, are not reported in the funds. 124,745

In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due. (14,568)

The net pension and net OPEB liabilities (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in governmental funds.

Net Pension Asset	73,538	
Net OPEB Asset	101,532	
Deferred Outflows - Pension	12,122,901	
Deferred Outflows - OPEB	1,446,504	
Net Pension Liability	(40,802,392)	
Net OPEB Liability	(17,837,055)	
Deferred Inflows - Pension	(1,026,928)	
Deferred Inflows - OPEB	<u>(365,512)</u>	
Total		(46,287,412)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(4,730,000)	
Premium on Debt Issued	(2,661)	
Capital leases payable	(209,825)	
Compensated absences	(1,908,060)	
Accrued compensatory time payable	(79,972)	
Workers' compensation claims payable	<u>(36,537)</u>	
Total liabilities		<u>(6,967,055)</u>

Net Position of Governmental Activities \$81,645,629

See Accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund
<u>Revenues:</u>			
Property Taxes	\$2,054,839	\$0	\$0
Other Local Taxes	577,563	0	0
Sales Tax	11,398,640	0	0
Revenue in Lieu of Taxes	0	0	0
Charges for Services	2,196,648	146,999	83,085
Licenses and Permits	5,025	0	0
Fines and Forfeitures	328,748	0	4,607
Intergovernmental	3,519,548	9,007,134	5,535,014
Interest	421,287	0	9,550
Rent	2,170	0	0
Contributions and Donations	0	0	0
Miscellaneous	872,922	74,447	31,570
<i>Total Revenues</i>	<u>21,377,390</u>	<u>9,228,580</u>	<u>5,663,826</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	10,701,524	0	0
Judicial	2,762,477	0	0
Public Safety:			
Sheriff	4,527,464	0	0
Other	1,160,585	0	0
Public Works	0	0	3,808,010
Health	348,302	0	0
Human Services	470,272	9,104,048	0
Conservation and Recreation	343,905	0	0
Economic Development and Assistance	233,890	0	0
Transportation	0	0	0
Capital Outlay	385,708	0	35,830
Debt Service:			
Principal Retirement	98,572	0	0
Interest and Fiscal Charges	7,531	0	0
<i>Total Expenditures</i>	<u>21,040,230</u>	<u>9,104,048</u>	<u>3,843,840</u>
Excess of Revenues Over (Under) Expenditures	<u>337,160</u>	<u>124,532</u>	<u>1,819,986</u>
<u>Other Financing Sources (Uses):</u>			
Inception of Capital Lease	11,987	0	0
Transfers In	0	171,568	132,039
Transfers Out	(1,694,674)	(200,323)	(690,617)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,682,687)</u>	<u>(28,755)</u>	<u>(558,578)</u>
<i>Net Change in Fund Balances</i>	(1,345,527)	95,777	1,261,408
<i>Fund Balances at Beginning of Year - Restated (See Note 3)</i>	<u>18,355,612</u>	<u>1,359,708</u>	<u>3,371,675</u>
<i>Fund Balances at End of Year</i>	<u>\$17,010,085</u>	<u>\$1,455,485</u>	<u>\$4,633,083</u>

See Accompanying Notes to the Basic Financial Statements

Board of Developmental Disabilities Fund	Children Services Fund	Nonmajor Governmental Funds	Total
\$6,189,621	\$1,063,438	\$565,517	\$9,873,415
0	0	0	577,563
0	0	0	11,398,640
0	89	0	89
283,188	84	3,790,654	6,500,658
0	0	65,434	70,459
0	0	821,409	1,154,764
4,202,596	3,663,601	8,649,177	34,577,070
522	0	214	431,573
0	0	0	2,170
18,020	8,580	2,252	28,852
300,133	20,538	247,653	1,547,263
<u>10,994,080</u>	<u>4,756,330</u>	<u>14,142,310</u>	<u>66,162,516</u>
0	0	975,860	11,677,384
0	0	635,581	3,398,058
0	0	2,153,126	6,680,590
0	0	1,635,741	2,796,326
0	0	2,698,144	6,506,154
9,723,650	0	353,813	10,425,765
0	4,808,685	2,079,656	16,462,661
0	0	0	343,905
0	0	627,191	861,081
0	0	738,777	738,777
9,364	0	3,091,428	3,522,330
24,673	0	651,831	775,076
13,980	0	194,163	215,674
<u>9,771,667</u>	<u>4,808,685</u>	<u>15,835,311</u>	<u>64,403,781</u>
<u>1,222,413</u>	<u>(52,355)</u>	<u>(1,693,001)</u>	<u>1,758,735</u>
9,364	0	3,400	24,751
0	0	2,450,970	2,754,577
0	0	(165,706)	(2,751,320)
<u>9,364</u>	<u>0</u>	<u>2,288,664</u>	<u>28,008</u>
1,231,777	(52,355)	595,663	1,786,743
<u>5,078,024</u>	<u>1,870,692</u>	<u>11,304,177</u>	<u>41,339,888</u>
<u>\$6,309,801</u>	<u>\$1,818,337</u>	<u>\$11,899,840</u>	<u>\$43,126,631</u>

SCIOTO COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$1,786,743

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	5,357,794	
Construction in progress additions	330,770	
Depreciation expense	(4,074,173)	
Excess of capital outlay over depreciation expense		1,614,391

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.

Loss on disposal of capital assets	(25,965)
------------------------------------	----------

Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the funds. Deferred inflows of resources related to the following items changed by the amounts shown below:

Delinquent property taxes	124,546	
Sales tax	116,059	
Investment Earnings	11,032	
Charges for services	(639)	
Intergovernmental	968,813	
Miscellaneous	106,621	
Total revenues		1,326,432

The increase in the County's investment interest of its joint venture is not reported in the governmental fund statements but is included in program expenses in the Statement of Activities.

40,547

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.

(24,751)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	2,976,830	
OPEB	4,291	
Total		2,981,121

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability (asset) are reported as pension expense in the Statement of Activities.

Pension	(8,670,238)	
OPEB	(1,461,333)	
Total		(10,131,571)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond principal payments	650,000	
Capital lease payments	125,076	
Total long-term debt repayments		\$775,076

(continued)

SCIOTO COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2019
 (Continued)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

	Increase in compensated absences payable	(\$6,562)	
	Decrease in accrued compensatory time payable	10,950	
	Decrease in workers' compensation claims payable	<u>53,791</u>	
Total			58,179

Amortization of bond premiums as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

	Decrease in accrued interest	1,668	
	Amortization of Deferred Charge on Refunding	(13,365)	
	Amortization of premium on general obligation bonds	<u>285</u>	
Total			<u>(11,412)</u>

Change in Net Position of Governmental Activities	<u><u>(\$1,611,210)</u></u>
--	------------------------------------

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance
	<i>Original</i>	<i>Final</i>		<i>Positive (Negative)</i>
<u>Revenues:</u>				
Property Taxes	\$1,880,000	\$1,880,000	\$2,073,535	\$193,535
Other Local Taxes	457,000	457,000	577,563	120,563
Sales Tax	10,000,000	10,100,000	11,303,006	1,203,006
Revenue in Lieu of Taxes	250	0	0	0
Charges for Services	1,294,700	1,293,200	1,471,033	177,833
Licenses and Permits	4,500	4,500	5,025	525
Fines and Forfeitures	180,000	180,000	247,848	67,848
Intergovernmental	2,255,000	2,255,250	3,483,616	1,228,366
Interest	126,000	125,000	183,436	58,436
Rent	0	0	2,170	2,170
Miscellaneous	24,000	26,500	321,895	295,395
<i>Total Revenues</i>	16,221,450	16,321,450	19,669,127	3,347,677
<u>Expenditures:</u>				
Current:				
General Government:				
Legislative and Executive	7,854,719	11,836,545	11,444,718	391,827
Judicial	1,846,774	2,426,183	2,297,957	128,226
Public Safety:				
Sheriff	3,764,709	4,636,962	4,633,997	2,965
Other	577,461	1,211,603	1,193,846	17,757
Health	359,826	363,272	361,913	1,359
Human Services	501,232	501,232	493,082	8,150
Conservation and Recreation	180,817	297,922	276,352	21,570
Economic Development and Assistance	164,152	253,072	236,009	17,063
Capital Outlay	0	375,221	373,721	1,500
<i>Total Expenditures</i>	15,249,690	21,902,012	21,311,595	590,417
Excess of Revenues Over (Under) Expenditure:	971,760	(5,580,562)	(1,642,468)	3,938,094
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	891,055	891,055
Transfers Out	(1,528,310)	(1,802,206)	(1,762,375)	39,831
<i>Total Other Financing Sources (Uses)</i>	(1,528,310)	(1,802,206)	(871,320)	930,886
<i>Net Change in Fund Balance</i>	(556,550)	(7,382,768)	(2,513,788)	4,868,980
<i>Fund Balance at Beginning of Year</i>	6,861,830	6,861,830	6,861,830	0
<i>Prior Year Encumbrances Appropriated</i>	556,550	556,550	556,550	0
<i>Fund Balance at End of Year</i>	\$6,861,830	\$35,612	\$4,904,592	\$4,868,980

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Special Revenue Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Positive (Negative)</i>
<u>Revenues:</u>				
Charges for Services	\$150,000	\$150,000	\$146,472	(\$3,528)
Intergovernmental	8,435,000	8,562,737	8,905,399	342,662
Miscellaneous	80,000	80,000	74,551	(5,449)
<i>Total Revenues</i>	8,665,000	8,792,737	9,126,422	333,685
<u>Expenditures:</u>				
Current:				
Human Services	9,800,547	9,844,601	9,203,370	641,231
Excess of Revenues Under Expenditure:	(1,135,547)	(1,051,864)	(76,948)	974,916
<u>Other Financing Sources (Uses):</u>				
Transfers In	235,000	235,000	171,568	(63,432)
Transfers Out	0	(200,323)	(200,323)	0
<i>Total Other Financing Sources (Uses)</i>	235,000	34,677	(28,755)	(63,432)
<i>Net Change in Fund Balance</i>	(900,547)	(1,017,187)	(105,703)	911,484
<i>Fund Balance at Beginning of Year</i>	728,373	728,373	728,373	0
<i>Prior Year Encumbrances Appropriated</i>	383,347	383,347	383,347	0
<i>Fund Balance at End of Year</i>	<u>\$211,173</u>	<u>\$94,533</u>	<u>\$1,006,017</u>	<u>\$911,484</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gas Tax Special Revenue Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<i>Actual</i>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Charges for Services	\$17,000	\$17,000	\$143,645	\$126,645
Fines and Forfeitures	5,997	5,997	4,607	(1,390)
Intergovernmental	4,600,000	4,600,000	5,051,891	451,891
Interest	8,500	8,500	9,460	960
Miscellaneous	42,000	42,000	31,570	(10,430)
<i>Total Revenues</i>	<u>4,673,497</u>	<u>4,673,497</u>	<u>5,241,173</u>	<u>567,676</u>
<u>Expenditures:</u>				
Current:				
Public Works	4,772,544	4,749,383	3,925,781	823,602
Excess of Revenues Over (Under) Expenditures	<u>(99,047)</u>	<u>(75,886)</u>	<u>1,315,392</u>	<u>1,391,278</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	132,039	132,039
Transfers Out	(500)	(690,617)	(690,617)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(500)</u>	<u>(690,617)</u>	<u>(558,578)</u>	<u>132,039</u>
<i>Net Change in Fund Balance</i>	(99,547)	(766,503)	756,814	1,523,317
<i>Fund Balance at Beginning of Year</i>	2,182,735	2,182,735	2,182,735	0
<i>Prior Year Encumbrances Appropriated</i>	<u>99,547</u>	<u>99,547</u>	<u>99,547</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,182,735</u></u>	<u><u>\$1,515,779</u></u>	<u><u>\$3,039,096</u></u>	<u><u>\$1,523,317</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Special Revenue Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$5,664,000	\$5,664,000	\$6,216,397	\$552,397
Revenue in Lieu of Taxes	1,000	0	0	0
Charges for Services	0	350,000	352,048	2,048
Intergovernmental	3,797,763	3,436,000	4,462,514	1,026,514
Contributions and Donations	15,000	15,000	14,400	(600)
Miscellaneous	150,000	162,763	232,423	69,660
<i>Total Revenues</i>	9,627,763	9,627,763	11,277,782	1,650,019
<u>Expenditures:</u>				
Current:				
Health	9,266,751	8,766,781	8,447,362	319,419
Excess of Revenues Over Expenditure:	361,012	860,982	2,830,420	1,969,438
<u>Other Financing Uses:</u>				
Transfers Out	(450,000)	(950,000)	(950,000)	0
<i>Net Change in Fund Balance</i>	(88,988)	(89,018)	1,880,420	1,969,438
<i>Fund Balance at Beginning of Year</i>	3,499,561	3,499,561	3,499,561	0
<i>Prior Year Encumbrances Appropriated</i>	252,545	252,545	252,545	0
<i>Fund Balance at End of Year</i>	<u>\$3,663,118</u>	<u>\$3,663,088</u>	<u>\$5,632,526</u>	<u>\$1,969,438</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Children Services Special Revenue Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Positive (Negative)</i>
<u>Revenues:</u>				
Property Taxes	\$1,020,000	\$1,020,000	\$1,065,950	\$45,950
Revenue in Lieu of Taxes	100	100	89	(11)
Charges for Services	0	0	84	84
Intergovernmental	2,365,000	2,365,000	3,744,785	1,379,785
Contributions and Donations	30,000	30,000	8,580	(21,420)
Miscellaneous	24,506	24,506	20,538	(3,968)
<i>Total Revenues</i>	3,439,606	3,439,606	4,840,026	1,400,420
<u>Expenditures:</u>				
Current:				
Human Services	4,511,977	4,860,778	4,710,946	149,832
<i>Net Change in Fund Balance</i>	(1,072,371)	(1,421,172)	129,080	1,550,252
<i>Fund Balance at Beginning of Year</i>	1,586,212	1,586,212	1,586,212	0
<i>Prior Year Encumbrances Appropriated</i>	62,638	62,638	62,638	0
<i>Fund Balance at End of Year</i>	<u>\$576,479</u>	<u>\$227,678</u>	<u>\$1,777,930</u>	<u>\$1,550,252</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fund Net Position
Enterprise Fund
December 31, 2019

	<u>Sewer Fund</u>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$5,715,719
Cash and Cash Equivalents in Segregated Accounts	324,308
Materials and Supplies Inventory	11,553
Accounts Receivable	2,293,957
Prepaid Items	44,759
Loans Receivable	76,613
<i>Total Current Assets</i>	<u>8,466,909</u>
<u>Non Current Assets:</u>	
Net Pension Asset	2,828
Capital Assets:	
Nondepreciable Capital Assets	787,671
Depreciable Capital Assets, Net	49,971,733
<i>Total Non Current Assets</i>	<u>50,762,232</u>
<i>Total Assets</i>	<u>59,229,141</u>
<u>Deferred Outflows of Resources:</u>	
Pension	454,356
OPEB	54,949
<i>Total Deferred Outflows of Resources</i>	<u>509,305</u>
<u>Current Liabilities:</u>	
Accounts Payable	154,853
Contracts Payable	34,760
Accrued Wages Payable	21,921
Due to Other Governments	50,032
Payroll Withholdings	6,213
Accrued Interest Payable	371,412
Compensatory Time Payable	28,121
General Obligation Bonds Payable	48,829
Farmer's Home Administration Bonds Payable	91,374
Ohio Public Works Commission Loans Payable	39,570
Ohio Water Development Authority Loans Payable	121,583
United States Department of Agriculture Loan Payable	283,520
Compensated Absences Payable	65,294
<i>Total Current Liabilities</i>	<u>1,317,482</u>
<u>Long-Term Liabilities (Net of Current Portion):</u>	
General Obligation Bonds Payable	1,725,872
Farmer's Home Administration Bonds Payable	2,136,910
Ohio Public Works Commission Loans Payable	857,861
Ohio Water Development Authority Loans Payable	1,574,046
United States Department of Agriculture Loan Payable	14,885,750
Compensated Absences Payable	30,111
Net Pension Liability	1,517,185
Net OPEB Liability	686,039
<i>Total Long-Term Liabilities</i>	<u>23,413,774</u>
<i>Total Liabilities</i>	<u>24,731,256</u>
<u>Deferred Inflows of Resources:</u>	
Pension	25,025
OPEB	5,370
<i>Total Deferred Inflows of Resources</i>	<u>30,395</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	29,222,057
Unrestricted	5,754,738
<i>Total Net Position</i>	<u>\$34,976,795</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenses
and Changes in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2019

	<i>Sewer Fund</i>
<u>Operating Revenues:</u>	
Charges for Services	\$5,599,772
<u>Operating Expenses:</u>	
Personal Services	824,154
Fringe Benefits	770,127
Contractual Services	968,849
Materials and Supplies	208,888
Depreciation	1,043,591
Other	1,617
<i>Total Operating Expenses</i>	3,817,226
Operating Income	1,782,546
<u>Non-Operating Revenues (Expenses):</u>	
Interest and Fiscal Charges	(552,769)
Intergovernmental	53,544
Other Non-Operating Revenues	38,526
<i>Total Non-Operating Revenues (Expenses)</i>	(460,699)
Income Before Transfers	1,321,847
Transfers In	11,743
Transfers Out	(15,000)
<i>Change in Net Position</i>	1,318,590
<i>Net Position at Beginning of Year</i>	33,658,205
<i>Net Position at End of Year</i>	\$34,976,795

See Accompanying Notes to the Basic Financial Statement:

SCIOTO COUNTY, OHIO
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2019

	<i>Sewer Fund</i>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$5,259,290
Cash Payments to Suppliers for Goods and Services	(1,685,028)
Cash Payments to Employees for Services	(819,872)
Cash Payments for Employee Benefits	(485,354)
Other Nonoperating Revenues	38,526
Cash Payments for Other Operating Expenses	(1,617)
	<u>2,305,945</u>
<i>Net Cash Provided by Operating Activities</i>	
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Capital Grants Received	53,544
Proceeds of Loans	37,766
Aquisition of Capital Assets	(320,960)
Principal Paid on Bonds and Loans	(611,697)
Interest Paid on Bonds and Loans	(560,919)
	<u>(1,402,266)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers In	11,743
Transfers Out	(15,000)
	<u>(3,257)</u>
<i>Net Cash Used for Non-Capital Financing Activities</i>	
<i>Net Increase in Cash and Cash Equivalents</i>	
	900,422
<i>Cash and Cash Equivalents at Beginning of Year - Restated</i>	
	<u>5,139,605</u>
<i>Cash and Cash Equivalents at End of Year</i>	
	<u>\$6,040,027</u>
<u>Reconciliation of Operating Income to Net</u>	
<u>Cash Provided by Operating Activities:</u>	
Operating Income	<u>\$1,782,546</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>	
Depreciation	1,043,591
Other Non-Operating Revenues	38,526
Decrease in Materials and Supplies Inventory	3,374
Increase in Accounts Receivable	(324,247)
Increase in Loan Receivable	(17,025)
Increase in Prepaid Items	(195)
Increase in Net Pension Asset	(850)
Decrease in Deferred Outflows of Resources - Pension	334,598
Decrease in Deferred Outflows of Resources - OPEB	36,642
Increase in Accounts Payable	40,148
Increase in Accrued Wages and Benefits	5,152
Decrease in Due to Other Governments	(567,385)
Increase in Payroll Withholdings	790
Increase in Compensatory Time Payable	2,102
Decrease in Compensated Absences Payable	(5,199)
Increase in Contracts Payable	18,994
Decrease in Net Pension Liability	(1,645)
Increase in Net OPEB Liability	37,579
Decrease in Deferred Inflows of Resources - Pension	(106,778)
Decrease in Deferred Inflows of Resources - OPEB	(14,773)
	<u>523,399</u>
<i>Total Adjustments</i>	
<i>Net Cash Provided by Operating Activities</i>	
	<u>\$2,305,945</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2019

Assets:

Equity in Pooled Cash and Cash Equivalents	\$5,831,630
Cash and Cash Equivalents in Segregated Accounts	586,483
Receivables:	
Property Taxes	56,236,861
Accounts	366,166
Revenue in Lieu of Taxes	160,200
Due from Other Governments	2,994,060
 <i>Total Assets</i>	 \$66,175,400

Liabilities:

Accounts Payable	\$640,103
Due to Other Governments	4,125,060
Payroll Withholdings	55,741
 <i>Total Liabilities</i>	 4,820,904

Deferred Inflows of Resources:

Property Taxes not Levied to Finance Current Year Operations	45,609,664
Payment in Lieu of Taxes not Intended to Finance Current Year Operations	160,200
 <i>Total Deferred Inflows of Resources</i>	 45,769,864

Net Position:

Restricted for Individuals, Organizations and Other Governments	\$15,584,632
---	--------------

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2019

Additions:

Intergovernmental	\$6,887,134
Amounts Received as Fiscal Agent	16,921,189
Licenses and Permits and Fees for Other Governments	231,194
Fines and Forfeitures for Other Governments	10,122,831
Property Tax Collections for Other Governments	41,608,162
Special Assessment Collections for Other Governments	31,007
Sheriff Sale Collections for Other Governments	866,897
Payment in Lieu of Taxes Collections for Other Governments	41,399
Miscellaneous	138,303
	138,303

Total Additions	76,848,116
-----------------	------------

Deductions:

Refunds	138,303
Distributions as Fiscal Agent	16,663,242
Distributions of State Funds to Other Governments	6,327,526
Distributions to the State of Ohio	9,662,797
Property Tax Distributions to Other Governments	40,378,947
Special Assessment Distributions to Other Governments	33,345
Distributions to Other Governments	615,060
Distributions to Individuals	1,997,688
Payment in Lieu of Taxes Distributions for Other Governments	41,399
	41,399

Total Deductions	75,858,307
------------------	------------

<i>Change in Fiduciary Net Position</i>	989,809
---	---------

<i>Net Position Beginning of Year - Restated (See Note 3)</i>	14,594,823
---	------------

<i>Net Position End of Year</i>	\$15,584,632
---------------------------------	--------------

See Accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Scioto County, Ohio (the County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge.

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

REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Scioto County, this includes the Children Services Board, the Scioto County Board of Developmental Disabilities, and all departments and activities that are directly operated by the elected County officials.

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

DISCRETELY PRESENTED COMPONENT UNITS

The component unit column in the entity-wide financial statements identify the financial data of the County's discretely presented component units, the Scioto County Airport Authority, the Scioto County Land Reutilization Corporation and the Southern Ohio Port Authority. They are reported separately to emphasize that they are legally separate from the County.

Scioto County Airport Authority

The Scioto County Airport Authority (the Airport) operates under a separate board that consists of five members appointed by the County Commissioners. The airport authority generates revenue from sales of fuel and the leasing of equipment and rental space. Grants are applied for in the airport authority's name. The County provides payroll, fringe benefits, some utilities, and contract services. Separately issued financial statements can be obtained from the Scioto County Airport Authority, located at 37 Glen Court, Minford, Ohio 45653.

Scioto County Land Reutilization Corporation

The Scioto County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Scioto County on March 24, 2016, and incorporated on March 29, 2016, under Chapter 1724 of the Ohio Revised Code. The Corporation's governing body is a five member Board of Directors, consisting of the County Treasurer, two County Commissioners, one representative of the City of Portsmouth, and one member representing a township located in Scioto County, selected by the County Treasurer and the two members of the Board of County Commissioners who serve on the Board.

The Corporation was established with the main purpose being to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. Based on two Commissioners serving on the Corporation's Board along with having the ability to appoint other members, the Corporation is presented as a component unit of Scioto County. The Corporation operates on a calendar year ending December 31. Separately issued financial statements can be obtained from Bryan Davis, Board Chair, or William Ogg, Treasurer, at 602 Seventh Street, Portsmouth, Ohio 45662.

Southern Ohio Port Authority

The Southern Ohio Port Authority (the Port Authority) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Section 4582.02 of the Ohio Revised Code. The Port Authority is statutorily created as a separate and distinct political subdivision of the State. The Port Authority is governed by a nine member Board of Trustees appointed by the Scioto County Commissioners. Members of the Board are appointed by the Scioto County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Scioto County.

The information presented in Notes 2 through 25 relates to the primary government. Information related to the discretely presented component units is presented in Note 26 and 27.

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

Scioto County Board of Health
Soil and Water Conservation District
STAR Community Justice Center

The County is associated with certain organizations which are defined as jointly governed organizations, a joint venture, and a risk sharing pool. These organizations are presented in Notes 18 and 19 to the basic financial statements. These organizations are:

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
Ohio Valley Resource Conservation and Development Area, Inc.
Workforce Development Board/SO Consortium
Ohio Valley Regional Development Commission

Scioto County Community Action Organization
Southern Ohio Development Initiative
Portsmouth Metropolitan Housing Authority
Southern Ohio Council of Governments
Joint Economic Development Initiative of Southern Ohio
Joint Solid Waste District
County Risk Sharing Authority, Inc. (CORSA)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Scioto County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

BASIS OF PRESENTATION

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements 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 the fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the County.

FUND FINANCIAL STATEMENTS

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

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

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

Public Assistance Fund – To account for and report various federal and State resources which are restricted for the purpose of providing public assistance to general relief recipients, paying their providers for medical assistance, and for providing certain public social services.

Motor Vehicle Gas Tax Fund – To account for and report revenues derived from motor vehicle licenses and gasoline taxes. Ohio State law restricts these monies to be used for County road and bridge repairs and improvement programs. This fund also accounts for the financial activities of the Scioto County Engineering Department.

Board of Developmental Disabilities Fund – To account for and report monies received through a County-wide property tax levy, along with federal and State grants, which are restricted to the operation of a school and assistance to a workshop for the developmentally disabled.

Children Services Fund – To account for and report monies received from property tax, federal and State grants, the Social Security Administration, and various other resources restricted to the support of foster homes, medical treatment, school supplies, counseling, and parental assistance.

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

PROPRIETARY FUNDS

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The County's proprietary fund is an enterprise fund.

Enterprise Fund – An enterprise fund may be used to account for and report any activity for which a fee is charged to external users for goods or services. The following is the County's only enterprise fund:

Sewer Fund – To account for and report the provision of sanitary sewer services to the residents and businesses of the County.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The County does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's custodial funds are primarily established to account for the collection and distribution to other governments of various taxes, receipts and fees and to account for funds of various agencies for which the County serves as fiscal agent.

MEASUREMENT FOCUS

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and current deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial fund.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales tax, revenue in lieu of taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied. (See Note 6.) Revenue from permissive sales tax is recognized in the period in which the sales occur. (See Note 8.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: permissive sales tax, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), federal and State subsidies and grants, interest, and accounts (i.e., charges for services and licenses and permits).

Unearned revenue represents amounts under accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Note 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, revenue in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes sales tax, delinquent property taxes, accounts, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

EXPENSES/EXPENDITURES

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

BUDGETS AND BUDGETARY ACCOUNTING

All funds, other than 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 Commissioner's authorization to spend resources and sets annual limits on expenditures 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 object level within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners. The County reports unbudgeted activity on the financial statements due to the County's unclaimed monies fund being classified as a custodial fund on the County's books, but which is included with the General Fund for GAAP reporting purposes.

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

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

CASH AND CASH EQUIVALENTS

Cash balances of the County's funds, except cash in segregated accounts, are pooled in order to provide improved cash management. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts." "Restricted Assets: Equity in Pooled Cash and Cash Equivalents" on the balance sheet represents unclaimed monies held by the County to be reclaimed by its rightful owners.

During the year, the County's investments were limited to STAROhio and Negotiable Certificates of Deposit.

During 2019, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income and gains or losses on investments are distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue and gains or losses on investments credited to the General Fund during 2019 amounted to \$421,287, of which \$261,959 was assigned from other funds.

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 presented on the financial statements as cash equivalents.

MATERIALS AND SUPPLIES INVENTORY

Materials and supplies inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Materials and supplies inventory consists of expendable supplies held for consumption.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INTERFUND BALANCES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable” and “Interfund Payable”. Interfund balances are eliminated on the government-wide Statement of Net Position.

CAPITAL ASSETS

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	10-20 years
Buildings and Building Improvements	7-50 years
Furniture, Fixtures, and Equipment	5-30 years
Vehicles	8 years
Infrastructure	5-65 years

The County’s governmental infrastructure system consists of roads and bridges, which includes box culverts and concrete pipes. The business-type infrastructure system is the sewer system, consisting of sewer lines, pump stations, and relay stations.

COMPENSATED ABSENCES

Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable

that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. A liability is accrued for all full-time employees based on their sick leave balance at year-end.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary funds' financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, compensated absences, and compensatory time that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, 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.

FUND BALANCE

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the County include materials and supplies inventory, prepaids, long-term receivable and unclaimed monies.

Restricted - The restricted fund balance category includes amounts that can be spent only for the specific purposes through enabling legislation. 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 or enabling legislation.

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal

enforceability means that the County can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of County Commissioners. Those committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unclaimed monies held to be reclaimed by its rightful owners.

BOND PREMIUM

On the government-wide financial statements and in the enterprise funds, bond premiums are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums are presented as additions to the face amount of bonds payable.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

DEFERRED CHARGE ON REFUNDING

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflow of resources on the Statement of Net Position.

INTERNAL ACTIVITY

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NET POSITION

Net position represents the difference between all other elements in the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through restrictions imposed by creditors, grantors or laws or regulations of other governments.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

INVESTMENT IN JOINT VENTURE

The County's Investment in Joint Venture relates to the County's equity interest in the Joint Solid Waste District (see Note 18). The County's share in year-end net position is included on the Statement of Net Position as an "Investment in Joint Venture."

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the County, these revenues are charges for services for sewer utility charges. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The County evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the County implemented GASB Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For 2019, the County also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the County's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

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

GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the County's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

RESTATEMENT OF FUND BALANCES AND NET POSITION

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2018:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund	Board of Developmental Disabilities Fund
Fund Balances, December 31, 2018	\$18,355,282	\$1,359,708	\$3,371,675	\$5,078,024
Adjustments:				
GASB Statement No. 84	330	0	0	0
Restated Fund Balances, December 31, 2018	\$18,355,612	\$1,359,708	\$3,371,675	\$5,078,024
	Children Services Fund	Nonmajor Governmental Funds	Total Governmental Funds	
Fund Balances, December 31, 2018	\$1,870,692	\$10,601,687	\$40,637,068	
Adjustments:				
GASB Statement No. 84	0	702,490	702,820	
Restated Fund Balances, December 31, 2018	\$1,870,692	\$11,304,177	\$41,339,888	

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2018:

	Governmental Activities
Net Position, December 31, 2018	\$82,473,057
Adjustments:	
GASB Statement No. 84	783,782
Restated Net Position, December 31, 2018	\$83,256,839

At December 31, 2018, the County's agency funds reported assets and liabilities of \$64,040,411. Due to the implementation of GASB Statement No. 84, the new classification of custodial fund assets were offset by liabilities, resulting in a restated net position of \$14,594,823.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) is presented for the General Fund and the Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Major Special Revenue Funds to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Investments are recorded at fair value (GAAP basis) rather than cost (budgetary basis).
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and all major special revenue funds are as follows:

	General	Public Assistance	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Children Services
GAAP Basis	(\$1,345,527)	\$95,777	\$1,261,408	\$1,231,777	(\$52,355)
Increases (Decreases) Due to:					
Revenue Accruals	(819,731)	(86,252)	(129,020)	1,388,265	68,361
Expenditure Accruals	(212,494)	195,683	(106,916)	39,459	150,816
Encumbrances	(812,078)	(295,005)	(100,442)	(108,784)	(53,077)
Unrecorded Cash - 2018	314,666	9,268	1,123	438,061	99,697
Unrecorded Cash - 2019	(328,558)	(25,174)	(7,312)	(243,085)	(84,362)
Increase in Fair Value of Investments - 2018	(153,514)	0	0	0	0
Increase in Fair Value of Investments - 2019	92,096	0	0	0	0
Transfers	823,354	0	0	(950,000)	0
Perspective Differences	(72,002)	0	(162,027)	84,727	0
Budget Basis	<u>(\$2,513,788)</u>	<u>(\$105,703)</u>	<u>\$756,814</u>	<u>\$1,880,420</u>	<u>\$129,080</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

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

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

INVESTMENTS

Investments are reported at fair value. As of December 31, 2019, the County had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Percentage of Total Investments</u>
Net Asset Value Per Share:				
STAROhio	\$2,503,926	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	<u>8,063,717</u>	Less than five years	N/A	76.31%
Total	<u><u>\$10,567,643</u></u>			

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County’s recurring fair value measurements as of December 31, 2019. The County’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Interest Rate Risk – As a means of limiting its exposure to fair value losses caused by rising interest rates, the County’s investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. Diversification by maturity will ensure the County can meet the projected cash flow as needed. The County Treasurer shall be responsible for meeting the anticipated cash flow needs for the County.

Credit Risk – STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The County’s investment policy places no limit on the amount it may invest in any one issuer.

NOTE 6 - PROPERTY TAXES

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

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2019, was \$10.93 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Property:	
Residential/Agricultural	\$798,276,310
Commercial/Industrial/Public Utility	155,454,160
Public Utility Real	14,230,230
Public Utility Personal	152,666,900
Total Assessed Value	\$1,120,627,600

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various custodial funds of the County. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2019, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2019 operations is offset to deferred inflows of resources – property taxes. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 – TAX ABATEMENTS

For purposes of GASB Statement No 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. (GASB 77, paragraph 4) See paragraphs 7 and 8 of GASB 77 for specific information related to disclosures of tax abatements. This GASB pronouncement requires disclosure of information about the nature and magnitude of tax abatements. As of December 31, 2019, the County provides tax abatements through one program: Enterprise Zone Tax Exemptions.

ENTERPRISE ZONE TAX EXEMPTIONS

Pursuant to Ohio Revised Code Chapter 5709, the County established an Enterprise Zone to provide property tax abatements to encourage the establishing of, expanding, renovating, or occupying facilities and to promote either the hiring of new employees or preserving existing employment. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal a percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient’s tax bill. The County also contracts with the overlapping school district for payments in lieu of taxes when required by Ohio Revised Code.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2019.

Tax Abatement Program	Amount of 2019 Taxes Abated
<i>Enterprise Zone Tax Exemptions</i>	
- Manufacturing	\$2,034

County property taxes were also reduced as follows under agreements entered into by overlapping governments:

Overlapping Government	Amount of 2019 Taxes Abated
<i>Community Reinvestment Areas:</i>	
Village of New Boston	\$11,670

NOTE 8 - PERMISSIVE SALES TAX

In accordance with Sections 5739.021 and 5741.021 of the Revised Code, the County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2019.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, accounts (billings for user charged services), interest, interfund activity, revenue in lieu of taxes, revenue due from other governments arising from grants and shared revenues, amounts due from the County's component units, and loans. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, and loans. Sewer charges receivable, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2019, was \$96,369 of which \$6,735 is considered to be due within one year.

The County made a non-interest bearing loan to the Scioto County Fair Board in November of 2017 for the amount of \$175,000 for the construction of a new poultry barn at the Scioto County Fairgrounds. The Scioto County Fair Board shall make a payment to the County in the amount of \$17,500 annually. The loans receivable balance at December 31, 2019, was \$157,500, of which \$17,500 is considered to be due within one year.

The County loaned the Scioto County Land Reutilization Corporation \$500,000 for the purpose to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed, and other real property in the County. See Note 22 for additional information.

The County loaned the Southern Ohio Port Authority \$95,234 for a land acquisition project. See Note 22 for additional information.

A summary of the principal amounts due from other governments is as follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Amount
<u>Governmental Activities Intergovernmental Receivables</u>	
Board of Developmental Disabilities Contract Services / Reimbursements	\$55,231
Board of Developmental Disabilities State Foundation	748,298
Board of Developmental Disabilities Subsidies	609,747
Board of Developmental Disabilities Targeted Case Management	45,038
Bureau of Worker's Compensation	8,677
Casino Revenues	670,168
Community Development Block Grant	59,440
PY 2019 Community Housing Impact and Preservation Program Grants	750,000
Human Services Grants / Reimbursements	700,528
Child Support Poundage	17,843
Child Support Grants / Reimbursements	101,963
Children Services Grants / Reimbursements	796,765
Community Correction Grants	158,472
Emergency Management Performance Grant	6,562
Felony Delinquent Care and Custody Grant	178,234
Gas Tax	1,807,209
High Intensity Drug Trafficking Areas Program	2,921
Homestead / Rollback	491,126
Indigent Defense	92,920
Local Government	268,620
MVL Tax	839,138
Ohio Public Works Commission Grant	670,000
OPWC Roadwork Development Grant	12,389
Rural Transit Program Grant	41,673
Sheriff Rotary Patrols	92,972
State Victims Assistance and Victims of Crime Act Grants	88,592
Total Governmental Activities	\$9,314,526

NOTE 10 - CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended December 31, 2019, was as follows:

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$1,773,594	\$190,362	\$0	\$1,963,956
Construction in Progress	4,553	330,770	0	335,323
Total Capital Assets, Not Being Depreciated	\$1,778,147	\$521,132	\$0	\$2,299,279
				<i>(Continued)</i>

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
Depreciable Capital Assets:				
Land Improvements	\$3,381,355	\$403,189	\$0	\$3,784,544
Buildings and Building Improvements	31,589,752	261,233	0	31,850,985
Furniture, Fixtures, and Equipment	8,294,094	1,771,523	(755,594)	9,310,023
Vehicles	4,445,760	104,650	(165,874)	4,384,536
Infrastructure	90,722,266	2,626,837	(14,605)	93,334,498
Total Depreciable Capital Assets	138,433,227	5,167,432	(936,073)	142,664,586
Total Capital Assets At Historical Cost	140,211,374	5,688,564	(936,073)	144,963,865
Less Accumulated Depreciation:				
Land Improvements	(1,058,902)	(182,171)	0	(1,241,073)
Buildings and Building Improvements	(12,972,276)	(634,622)	0	(13,606,898)
Furniture, Fixtures, and Equipment	(5,222,219)	(518,917)	734,299	(5,006,837)
Vehicles	(2,897,631)	(347,439)	161,933	(3,083,137)
Infrastructure	(37,282,442)	(2,391,024)	13,876	(39,659,590)
Total Accumulated Depreciation	(59,433,470)	(4,074,173) *	910,108	(62,597,535)
Depreciable Capital Assets, Net	78,999,757	1,093,259	(25,965)	80,067,051
Governmental Activities				
Capital Assets, Net	<u>\$80,777,904</u>	<u>\$1,614,391</u>	<u>(\$25,965)</u>	<u>\$82,366,330</u>

*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$211,978
Judicial	107,033
Public Safety:	
Sheriff	553,302
Other	44,547
Public Works	2,681,519
Health	224,270
Human Services	91,834
Conservation and Recreation	66,158
Transportation	93,532
Total Depreciation Expense	<u>\$4,074,173</u>

The County's capital assets reported above for Governmental Activities include \$7,968,389 in fully depreciated capital assets.

Capital assets activity of the business-type activities for the year ended December 31, 2019, was as follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$571,644	\$0	\$0	\$571,644
Construction in Progress	46,475	169,552	0	216,027
Total Capital Assets, Not Being Depreciated	618,119	169,552	0	787,671
Depreciable Capital Assets:				
Land Improvements	23,893	0	0	23,893
Buildings and Building Improvements	7,134,138	0	0	7,134,138
Furniture, Fixtures, and Equipment	1,202,000	71,933	0	1,273,933
Vehicles	408,633	79,475	0	488,108
Infrastructure	54,161,886	0	0	54,161,886
Total Depreciable Capital Assets	62,930,550	151,408	0	63,081,958
Less Accumulated Depreciation:				
Land Improvements	(5,611)	(1,194)	0	(6,805)
Buildings and Building Improvements	(3,736,649)	(143,015)	0	(3,879,664)
Furniture, Fixtures, and Equipment	(827,196)	(45,359)	0	(872,555)
Vehicles	(274,010)	(22,855)	0	(296,865)
Infrastructure	(7,223,168)	(831,168)	0	(8,054,336)
Total Accumulated Depreciation	(12,066,634)	(1,043,591)	0	(13,110,225)
Depreciable Capital Assets, Net	50,863,916	(892,183)	0	49,971,733
Business-Type Activities				
Capital Assets, Net	\$51,482,035	(\$722,631)	\$0	\$50,759,404

The County's capital assets reported above for Business-Type Activities include \$894,019 in fully depreciated capital assets.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage with the County Risk Sharing Authority, Inc. (CORSA) (See Note 19) for liability, property, auto, and crime insurance. The County also carries public officials liability insurance through various insurance agencies. Settlements have not exceeded coverage in any of the last three years. There has not been a significant change in coverage from the prior year.

The County participated in the Ohio Bureau of Workers' Compensation (the "Bureau") Individual Retrospective Rating Program until December 31, 2014. Under the individual retrospective rating program, the County assumes a portion of the risk in return for a reduction in current premiums. This program involves the payment of a minimum premium for administrative services and stop-loss coverage in addition to the actual claim costs for employees injured in the years in which the County participated in the program. The County began participating in the Group Retrospective Rating Program beginning January 1, 2015.

The County provides health, dental and vision insurance for its employees through the County Employee Benefits Consortium of Ohio (CEBCO). This is a fully funded insurance program and is not considered limited risk health insurance.

The amounts reported in the government-wide financial statements at December 31, 2019, are based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Related Insurance Issues,” as amended by GASB Statement No. 30, “*Risk Management Omnibus,*” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the Workers’ Compensation Retrospective Rating Program for the current year is as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2018	\$82,558	\$78,897	\$71,127	\$90,328
2019	90,328	93,075	146,866	36,537

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a net pension/OPEB asset or a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Public Safety
Age and Service Requirements:
Age 48 with 25 years of service credit
or Age 52 with 15 years of service credit

Public Safety
Age and Service Requirements:
Age 48 with 25 years of service credit
or Age 52 with 15 years of service credit

Public Safety
Age and Service Requirements:
Age 52 with 25 years of service credit
or Age 56 with 15 years of service credit

Law Enforcement
Age and Service Requirements:
Age 52 with 15 years of service credit

Law Enforcement
Age and Service Requirements:
Age 48 with 25 years of service credit
or Age 52 with 15 years of service credit

Law Enforcement
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
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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

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

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates:			
Employer	14.00%	18.10%	18.10%
Employee *	10.00%	**	***
2019 Actual Contribution Rates:			
Employer:			
Pension *****	14.00%	18.10%	18.10%
Post-employment Health Care Benefits *****	0.00%	0.00%	0.00%
Total Employer	<u>14.00%</u>	<u>18.10%</u>	<u>18.10%</u>
Employee	<u>10.00%</u>	<u>12.00%</u>	<u>13.00%</u>

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

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

For 2019, the County's contractually required contribution was \$2,994,927 for the traditional plan, \$43,077 for the combined plan and \$11,145 for the member-directed plan. Of these amounts, \$343,846 is reported as an intergovernmental payable for the traditional plan, \$3,688 for the combined plan, and \$1,157 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2019 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2019, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$98,887 for 2019. Of this amount, \$6,312 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the net pension liability for STRS was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.14956893%	0.06829029%	0.00613029%	
Prior Measurement Date	<u>0.15102596%</u>	<u>0.06715062%</u>	<u>0.00593058%</u>	
Change in Proportionate Share	<u>-0.00145703%</u>	<u>0.00113967%</u>	<u>0.00019971%</u>	
Proportionate Share of the:				
Net Pension Asset	\$0	(\$76,366)	\$0	(\$76,366)
Net Pension Liability	\$40,963,900	\$0	\$1,355,677	\$42,319,577
Pension Expense	\$8,891,312	\$21,275	\$143,037	\$9,055,624

2019 pension expense for the member-directed defined contribution plan was \$11,145. The aggregate pension expense for all pension plans was \$9,066,769 for 2019.

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$1,889	\$0	\$11,038	\$12,927
Changes of assumptions	3,566,008	17,055	159,251	3,742,314
Net difference between projected and actual earnings on pension plan investments	5,559,948	16,450	0	5,576,398
Changes in proportion and differences between County contributions and proportionate share of contributions	4,145	3,262	148,863	156,270
County contributions subsequent to the measurement date	<u>2,994,927</u>	<u>43,077</u>	<u>51,344</u>	<u>3,089,348</u>
Total Deferred Outflows of Resources	<u>\$12,126,917</u>	<u>\$79,844</u>	<u>\$370,496</u>	<u>\$12,577,257</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$537,879	\$31,189	\$5,869	\$574,937
Net difference between projected and actual earnings on pension plan investments	0	0	66,258	66,258
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>274,701</u>	<u>875</u>	<u>135,182</u>	<u>410,758</u>
Total Deferred Inflows of Resources	<u>\$812,580</u>	<u>\$32,064</u>	<u>\$207,309</u>	<u>\$1,051,953</u>

\$3,089,348 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Year Ending December 31:				
2020	\$3,503,110	\$2,919	\$67,757	\$3,573,786
2021	1,714,715	(368)	(6,498)	1,707,849
2022	515,800	(22)	35,653	551,431
2023	2,585,785	5,127	14,931	2,605,843
2024	0	(1,632)	0	(1,632)
Thereafter	0	(1,321)	0	(1,321)
Total	<u>\$8,319,410</u>	<u>\$4,703</u>	<u>\$111,843</u>	<u>\$8,435,956</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

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

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

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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

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

Discount Rate For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent)

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$60,515,589	\$40,963,900	\$24,716,266
OPERS Combined Plan	(25,267)	(76,366)	(113,362)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$1,981,171	\$1,355,677	\$826,164

NOTE 13 – DEFINED BENEFIT OPEB PLANS

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The County's contractually required contribution was \$4,457 for 2019. Of this amount, \$463 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.14207400%	0.00613029%	
Prior Measurement Date	0.14345900%	0.00593058%	
Change in Proportionate Share	<u>-0.00138500%</u>	<u>0.00019971%</u>	
Proportionate Share of the Net:			
OPEB Asset	\$0	(\$101,532)	(\$101,532)
OPEB Liability	\$18,523,094	\$0	\$18,523,094
OPEB Expense	\$1,545,793	(\$24,847)	\$1,520,946

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$6,272	\$9,205	\$15,477
Changes of assumptions	597,205	2,134	599,339
Net difference between projected and actual earnings on pension plan investments	849,175	0	849,175
Changes in proportion and differences between County contributions and proportionate share of contributions	983	32,022	33,005
County contributions subsequent to the measurement date	<u>4,457</u>	<u>0</u>	<u>4,457</u>
Total Deferred Outflows of Resources	<u>\$1,458,092</u>	<u>\$43,361</u>	<u>\$1,501,453</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$50,258	\$5,165	\$55,423
Changes of assumptions	0	111,318	111,318
Net difference between projected and actual earnings on OPEB plan investments	0	6,377	6,377
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>197,764</u>	<u>0</u>	<u>197,764</u>
Total Deferred Inflows of Resources	<u>\$248,022</u>	<u>\$122,860</u>	<u>\$370,882</u>

\$4,457 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase to the net OPEB asset in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$526,373	(\$17,999)	\$508,374
2021	113,098	(17,999)	95,099
2022	138,357	(15,443)	122,914
2023	427,785	(14,546)	413,239
2024	0	(13,995)	(13,995)
Thereafter	<u>0</u>	<u>483</u>	<u>483</u>
Total	<u>\$1,205,613</u>	<u>(\$79,499)</u>	<u>\$1,126,114</u>

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018.

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

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

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

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

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's proportionate share of the net OPEB liability	\$23,697,943	\$18,523,094	\$14,407,724

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$17,804,714	\$18,523,094	\$19,350,479

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	(\$86,638)	(\$101,532)	(\$114,055)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$115,133)	(\$101,532)	(\$84,875)

NOTE 14 - OTHER EMPLOYEE BENEFITS

DEFERRED COMPENSATION

County employees and elected officials may participate in one of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio and one by the County Commissioners Association of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

COMPENSATED ABSENCES

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Accumulated, unused sick leave is paid up to a maximum number of hours, depending on length of service and departmental policy, to employees who retire.

The employees in the Department of Children Services receive three days of personal leave with eight hours effective on July 1, November 1, and March 1. They must use the leave by June 30 or forfeit it.

INSURANCE BENEFITS

Employee health and dental insurance coverage was provided by the County Employee Benefits Consortium of Ohio (CEBCO) for the year. Also, vision insurance and life insurance were provided by Anthem Vision Service Plan and Anthem Life, respectively.

Health insurance for employees of the Board of Developmental Disabilities was provided by United Healthcare. Employee dental insurance for employees of the Board of Developmental Disabilities was provided by Delta Dental. Vision insurance and life insurance were provided by Vision Service Plan of Ohio and Sun Life Financial, respectively.

Health, dental, and vision insurance for employees of the Sanitary Engineer was provided by the Michigan Conference of Teamsters Welfare Fund. Life insurance was provided by Anthem Life.

NOTE 15 - LEASES – LESSEE DISCLOSURE

During 2019 and in prior years, the County entered into capitalized leases for certain buildings and for furniture, fixtures, equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

During 2008, the County entered into lease-purchase agreement for the construction of a transportation garage associated with the Board of Developmental Disabilities. The County leased the project from Petermann Ltd. Petermann Ltd. paid for the construction of the garage to house both buses and vehicles utilized by the Board of Developmental Disabilities. In turn, the County will make monthly lease payments to Petermann (now National Express Corporation). The project was completed at a cost of \$200,000 and was recorded as an asset in the County’s financial statements beginning in 2008. The lease is set to expire in October 2028.

General capital assets consisting of buildings and improvements, vehicles, and furniture, fixtures, and equipment have been capitalized in the amount of \$350,650. A corresponding liability was recorded on the Statement of Net Position for governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2019 totaled \$125,076 in the governmental funds.

The assets acquired through capital leases as of December 31, 2019, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Buildings and Improvements	\$200,000	\$54,985	\$145,015
Furniture, Fixtures, and Equipment	150,650	73,599	77,051
Total	\$350,650	\$128,584	\$222,066

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2019:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Year Ending December 31,	Amount
2020	\$51,765
2021	46,692
2022	41,041
2023	31,023
2024	23,616
2025-2028	82,800
Total	276,937
Less: Amount Representing Interest	(67,112)
Present Value of Net Minimum Lease Payments	\$209,825

The County leases vehicles and furniture, fixtures, and equipment under noncancelable operating leases. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments in 2019 were \$5,727, which were paid from the Public Assistance Special Revenue Fund.

The following is a schedule of the future minimum operating lease payments:

Year Ending December 31,	Amount
2020	\$5,479
2021	5,479
2022	4,109
Present Value of Net Minimum Lease Payments	\$15,067

NOTE 16 – LONG-TERM OBLIGATIONS

BUSINESS-TYPE ACTIVITY

General Obligation Bonds

The County has issued General Obligation Bonds supported by Sewer Fund revenues. The proceeds of the bonds were used to fund various improvement projects in the County’s sewer system and to refund bonds previously issued for the same purpose.

The entire amount of the refunded bonds was repaid, leaving no balance still outstanding on the original debt.

Farmer’s Home Administration (FHA) Bonds

The Farmer’s Home Administration (FHA) General Obligation Bonds were issued for the purpose of replacing sewer lines. The bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 40 year serial bonds paid with revenues from the operation of the sewer system.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Ohio Public Works Commission (OPWC) Loans

The OPWC loans consist of money owed to the Ohio Public Works Commission for various sewer line and pump station renovation projects. These consist of 20 or 30 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund. The loans are direct borrowings and in the event of default OPWC may (1) apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over the Attorney General's Office for collection, and as provided by law, OPWC may require that such payments be taken from the County's share of the undivided local government fund, and the outstanding amounts shall, and (3) at OPWC's option, become immediately due and payable.

Ohio Water Development Authority (OWDA) Loans

The OWDA loans from direct borrowings consist of money owed to the Ohio Water Development Authority for various sewer line and pump station renovation projects. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund. In the event of default, the lender may declare the full amount of the unpaid project participation principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

United States Department of Agriculture (USDA) Loans

The USDA loans are direct placements and consists of money owed to the United States Department of Agriculture for the Eden Park Sewer extension and Minford Sewer System projects. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loan will be repaid from the Sewer Fund. The County's outstanding USDA Sewer Revenue bonds from direct placement contain provisions that in the event of default the Government, at its option may (1) declare the entire principal amount can be declared outstanding and accrued interest shall be immediately due and payable, (2) incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and / or (3) take possession of the facility, repair, maintain, and operate or rent it.

Compensated absences will be paid from the Sewer Enterprise Fund. The County pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability (asset) see Note 12. For additional information related to the OPEB liability (asset) see Note 13.

The change in the County's Business-Type Activity's long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/2018	Additions	Deletions	Principal Outstanding at 12/31/2019	Due Within One Year
<u>Business-Type Activity</u>					
<u>General Obligation Bonds</u>					
<u>Direct Borrowings</u>					
Franklin Furnace Sewer Improvement Bonds 1997 4.50% - \$846,000	\$578,967	\$0	\$19,921	\$559,046	\$20,817
Wheelersburg Wastewater Treatment Plant Bonds 2004 4.50% - \$1,200,000	966,970	0	21,690	945,280	22,680
Rigrish Sewer Bonds 2006 4.50% - \$322,000	275,477	0	5,102	270,375	5,332
Total Enterprise General Obligation Bonds	<u>\$1,821,414</u>	<u>\$0</u>	<u>\$46,713</u>	<u>\$1,774,701</u>	<u>\$48,829</u>

(continued)

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Principal Outstanding at 12/31/2018	Additions	Deletions	Principal Outstanding at 12/31/2019	Due Within One Year
<i>Farmer's Home Administration (FHA) Bonds</i>					
<i>Direct Borrowings</i>					
FHA Bonds - West Portsmouth Improvement 1993 5.00% - \$825,000	499,000	0	23,200	475,800	24,300
FHA Bonds - Lucasville Phase II 1995 4.50% - \$650,000	413,540	0	16,710	396,830	17,470
FHA Bonds - Lucasville Phase III 1996 3.86% - \$842,500	556,735	0	20,731	536,004	21,664
FHA Bonds - West Portsmouth Phase VII 1999 4.50% - \$825,000	600,990	0	17,790	583,200	18,590
FHA Bonds - Lucasville Phase IV 2001 4.75% - \$347,940	245,380	0	8,930	236,450	9,350
Total FHA Bonds	2,315,645	0	87,361	2,228,284	91,374
<i>OPWC Loans</i>					
<i>Direct Borrowings</i>					
2002 OPWC Wheelersbug Pump Station Renovations 0% - \$162,352	32,464	0	8,118	24,346	4,059
2004 OPWC Sanitary Sewer System Renovations 0% - \$162,100	48,616	0	8,106	40,510	4,053
2006 OPWC Wheelersburg and West Portmsouth Pump Station 0% - \$235,543	100,096	0	11,778	88,318	5,889
2006 OPWC Sciotoville Area Sanitary Sewer Extensions 0% - \$9,482	4,031	0	474	3,557	237
2008 OPWC Pump Station Renovations 0% - \$201,860	105,977	0	10,093	95,884	5,047
2009 OPWC Sanitary Sewer Improvements 0% - \$165,000	94,875	0	8,250	86,625	4,125
2012 OPWC Sanitary Sewer Improvements UV Project 0% - \$181,000	106,187	0	6,435	99,752	3,217
2014 OPWC Sanitary Sewer Eden Park Extension 0% - \$247,872	468,872	0	25,344	443,528	12,672
2017 OPWC West Portsmouth Modification 0% - \$16,266	15,453	0	542	14,911	271
Total OPWC Loans	976,571	0	79,140	897,431	39,570
<i>OWDA and USDA Loans</i>					
<i>Direct Borrowings</i>					
Wastewater Treatment and Collection System for South Webster 2003 0%	1,433,745	0	102,410	1,331,335	102,410
Briarcliff WWTP Elimination New Pump Station 2018 0%	345,701	37,766	19,173	364,294	19,173
<i>Direct Placements</i>					
Eden Park Extension USDA Loan 4.5%	1,260,500	0	23,200	1,237,300	23,800
Minford Sewer System Project USDA Loan 4.5%	14,185,670	0	253,700	13,931,970	259,720
Total OWDA and USDA Loans	17,225,616	37,766	398,483	16,864,899	405,103
<i>Other Long-Term Obligations</i>					
Compensated Absences	100,604	55,681	60,880	95,405	65,294
Net Pension Liability - OPERS	866,820	650,365	0	1,517,185	0
Net OPEB Liability - OPERS	569,948	116,091	0	686,039	0
Total Other Long-Term Obligations	1,537,372	822,137	60,880	2,298,629	65,294
Total Business-Type Activities	\$23,876,618	\$859,903	\$672,577	\$24,063,944	\$650,170

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The following is a summary of the County's future annual debt service requirements for Business-Type Activity long-term debt:

	From Direct Borrowings						From Direct Placements		Totals	
	General Obligation Bonds		FHA Bonds		OPWC Loans	OWDA Loans	USDA Loans			
	Principal	Interest	Principal	Interest	Principal	Principal	Principal	Interest	Principal	Interest
2020	\$48,829	\$79,895	\$91,374	\$103,243	\$39,570	\$121,583	\$283,520	\$365,021	\$584,876	\$548,159
2021	51,016	77,664	95,629	98,986	118,710	121,584	290,300	358,238	677,239	534,888
2022	53,315	75,368	100,088	94,531	79,132	121,584	297,210	351,293	651,329	521,192
2023	55,720	72,969	104,612	89,867	71,022	121,584	304,370	344,178	657,308	507,014
2024	58,223	70,492	109,595	84,993	71,002	121,584	311,680	336,890	672,084	492,375
2025-2029	332,849	310,597	629,674	343,388	278,891	607,918	1,673,770	1,568,801	3,523,102	2,222,786
2030-2034	414,796	228,653	742,553	182,281	165,735	403,099	1,884,570	1,358,152	3,610,753	1,769,086
2035-2039	422,890	128,600	354,759	37,457	69,298	76,693	2,122,100	1,120,446	3,045,740	1,286,503
2040-2044	304,294	44,065	0	0	2,710	0	2,390,450	852,216	2,697,454	896,281
2045-2049	32,769	2,229	0	0	1,361	0	2,693,430	549,347	2,727,560	551,576
2050-2054	0	0	0	0	0	0	2,917,870	208,887	2,917,870	208,887
Totals	\$1,774,701	\$1,090,532	\$2,228,284	\$1,034,746	\$897,431	\$1,695,629	\$15,169,270	\$7,413,469	\$21,765,315	\$9,538,747

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of bond anticipation notes. General obligation bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 20 year serial bonds. The Economic Development Facilities Refunding Bonds are paid from general revenues of the County. The bonds are reported as part of unrestricted net position because the proceeds were used for the renovation of a building owned by the Southern Ohio Port Authority. Both Various Purpose Bonds are being paid with tax monies receipted into the General Fund and then transferred to the Debt Service Fund. The refunded bonds were retired on August 1, 2004.

The 2013 Economic Development Facilities Refunding Revenue Bonds were issued December 10, 2013, for the purpose of advance refunding \$1,815,000 of the 1999 Shelton Industries General Obligation Bonds. The bonds are serial bonds and were issued with an interest rate of 0.55 – 5.05 percent for a twelve year period. The bonds will mature on December 1, 2025, and will be retired from the Debt Service Fund.

The 2014 Various Purpose Refunding Bonds were issued April 16, 2014, for the purpose of advance refunding \$4,545,000 of the 2004 County Jail General Obligation Bonds. The bonds are serial bonds and were issued with an interest rate of 2.00 – 4.00 percent for a fifteen year period. The bonds will mature on December 1, 2029, and will be retired from the Debt Service Fund.

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000.

Capital Leases and Compensated Absences

Capital leases will be paid from the General Fund and the Public Assistance, Prosecutor's Drug Enforcement, Dretac Treasurer, and Board of Developmental Disabilities Special Revenue Funds.

Compensated absences will be paid from the following governmental funds:

General Fund
Real Estate Assessment Special Revenue Fund
Children Services Special Revenue Fund
Dog and Kennel Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Engineer Special Revenue Fund
Public Assistance Special Revenue Fund
Indigent Guardianship Special Revenue Fund
Board of Developmental Disabilities Special Revenue Fund
T.B. Levy Special Revenue Fund
Sheriff's Policing Rotary Special Revenue Fund
Multi-County Mediation Special Revenue Fund
Law Library Special Revenue Fund
Coordinated Transportation Program Special Revenue Fund
Ohio Department of Rehabilitation and Correction Treatment Special Revenue Fund

The Ohio Bureau of Workers' Compensation Retrospective Rating Program Claims Payable will be paid from the following funds:

General Fund
Probation Supervision Special Revenue Fund
Dog and Kennel Special Revenue Fund
Coordinated Transportation Special Revenue Fund

There is no repayment schedule for the net pension/OPEB liability (asset). However, employer pension contributions are made from the following funds:

General Fund
Real Estate Assessment Special Revenue Fund
Children Services Special Revenue Fund
Dog and Kennel Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Engineer Special Revenue Fund
Child Support Enforcement Agency Special Revenue Fund
Public Assistance Special Revenue Fund
Indigent Guardianship Special Revenue Fund
Board of Developmental Disabilities Special Revenue Fund
Sheriff Rotary Special Revenue Fund
TB Levy Special Revenue Fund
DRETAC Treasurer Special Revenue Fund
Mediation Special Revenue Fund
Wireless 911 Special Revenue Fund
Law Library Special Revenue Fund
Coordinated Transportation Special Revenue Fund
State Community Development Special Revenue Fund

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Victims of Crime Special Revenue Fund
Common Pleas PSI Unit Special Revenue Fund
Probation Improvement Special Revenue Fund
Probation Supervision Services Special Revenue Fund
Drug Enforcement Special Revenue Fund
Special Prosecution Special Revenue Fund
Wheelersburg Sewer District Enterprise Fund

For additional information related to the net pension/OPEB liability (asset), see Note 12 and 13.

The change in the County's Governmental Activities' long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/2018	Additions	Deletions	Principal Outstanding at 12/31/2019	Due Within One Year
<i>Governmental Activities</i>					
<i>General Obligation Bonds</i>					
Economic Development Facilities Refunding					
Revenue Bonds 2013 0.55 - 5.05% - \$1,815,000	\$1,140,000	\$0	\$145,000	\$995,000	\$150,000
Various Purpose Refunding Bonds					
2014 2.00 - 4.00% - \$4,880,000	3,520,000	0	275,000	3,245,000	285,000
Premium on Various Purpose Bonds	2,946	0	285	2,661	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	720,000	0	230,000	490,000	240,000
Total General Obligation Bonds	5,382,946	0	650,285	4,732,661	675,000
<i>Net Pension Liability</i>					
OPERS	22,826,228	16,620,487	0	39,446,715	0
STRS	1,304,002	51,675	0	1,355,677	0
Total Net Pension Liability	24,130,230	16,672,162	0	40,802,392	0
<i>Net OPEB Liability</i>					
OPERS	15,008,641	2,828,414	0	17,837,055	0
<i>Other Long-Term Obligations</i>					
Capital Leases	310,150	24,751	125,076	209,825	36,646
Compensated Absences	1,901,498	1,341,469	1,334,907	1,908,060	1,323,441
Ohio Bureau of Workers' Compensation Retrospective Rating Program Claims	90,328	93,075	146,866	36,537	36,537
Total Other Long-Term Obligations	2,301,976	1,459,295	1,606,849	2,154,422	1,396,624
Total Governmental Activities	\$46,823,793	\$20,959,871	\$2,257,134	\$65,526,530	\$2,071,624

The following is a summary of the County's future annual debt service requirements for governmental activities' long-term debt:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	General Obligation Bonds	
	Principal	Interest
2020	\$675,000	\$174,809
2021	485,000	151,747
2022	495,000	135,069
2023	520,000	117,061
2024	535,000	97,637
2025-2029	2,020,000	216,562
Totals	\$4,730,000	\$892,885

The County's total legal debt margin was \$26,226,660 with an unvoted debt margin of \$10,917,246 at December 31, 2019.

CONDUIT DEBT OBLIGATION

During 1985, the County, in conjunction with several other political subdivisions of Ohio, issued revenue bonds in the aggregate principal amount of \$72,000,000. The proceeds were used to fund the VHA Central Inc. Capital Asset Financing Program. The program provides financing for hospitals in Ohio to acquire equipment and other capital assets. The balance outstanding as of December 31, 2019, is \$10,800,000.

During 2001, the County issued revenue bonds in the aggregate principal amount of \$1,870,000 for the Shawnee Mental Health Center. The proceeds were used by the Shawnee Mental Health Center to construct a new facility. The balance outstanding as of December 31, 2019, is \$350,000.

During 2016, the County issued Hospital Facilities Revenue Bonds, Series 2016, in the aggregate principal amount of \$122,215,000 for the Southern Ohio Medical Center (SOMC). The proceeds were used by SOMC to refund the prior Hospital Facilities Refunding Bonds issued in 2008. The balance outstanding as of December 31, 2019, is \$111,990,000.

During 2017, the County issued Health Care Facilities Revenue Refunding and Improvement Bonds, Series 2017, in the aggregate principal amount of \$10,349,535 for the Hill View Retirement Center. The proceeds were used for the acquisition, construction, installation and equipping of facilities and to refund the Adjustable Rate Demand Health Care Facilities Revenue Refunding and Improvement Bonds, Series 2004, issued by Pike County, which were used to renovate the facilities. The balance outstanding as of December 31, 2019, is \$9,789,535.

During 2019, the County issued Hospital Facilities Revenue Bonds, Series 2019, in the aggregate principal amount of \$22,380,000 for the Southern Ohio Medical Center (SOMC). Proceeds were to be used primarily for acquisition of an Electronic Health Record System (EHR) and related services, computer servers, nurse call light system and renovation projects. The balance outstanding as of December 31, 2019 is \$22,380,000.

Conduit debt bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. There has not been, and currently is not, any condition of default under the bonds or the related financing documents. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. Neither the full faith and credit or taxing power of the County is pledged to make repayment.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - INTERFUND ACTIVITY

Interfund balances at December 31, 2019, consist of the following individual fund receivables and payables:

		Receivables			Total
		General	Public Assistance	Nonmajor Governmental Funds	
Payables	General	\$0	\$16,119	\$7,623	\$23,742
	Public Assistance	0	0	38,570	38,570
	Nonmajor Governmental Funds	91,522	40,099	0	131,621
	Total	\$91,522	\$56,218	\$46,193	\$193,933

The Public Assistance Fund has outstanding payables to Nonmajor Governmental Funds for services provided through various contracts existing with Public Assistance. The General Fund has an outstanding payable to the Public Assistance Fund for postage and to the Sheriff Policing Rotary fund for contract services. The Child Support Enforcement Agency Nonmajor Governmental Fund has outstanding payables for services provided through various contracts existing with the General Fund and the Public Assistance Fund. Also, the CHIP Program nonmajor governmental fund has an outstanding payable to the General Fund for contract services. All payables will be reimbursed either when funds become available or when payments for services are rendered.

Transfers made during the year ended December 31, 2019, were as follows:

		Transfers To				Total
		Public Assistance	Motor Vehicle Gas Tax	Nonmajor Governmental Funds	Sewer	
Transfers From	General	\$171,568	\$3,000	\$1,508,363	\$11,743	\$1,694,674
	Public Assistance	0	0	200,323	0	200,323
	Motor Vehicle Gas Tax	0	0	690,617	0	690,617
	Nonmajor Governmental Funds	0	129,039	36,667	0	165,706
	Sewer	0	0	15,000	0	15,000
	Total	\$171,568	\$132,039	\$2,450,970	\$11,743	\$2,766,320

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds. Monies were transferred from the General Fund to nonmajor debt service funds to make debt service payments. In addition, monies were transferred from the Public Assistance Fund to the Child Support Enforcement Nonmajor Governmental Fund to cover the Child Support State match ceiling excess.

Transfers were made from non-major capital projects funds to the Motor Vehicle and Gas Tax fund. Transfers were originally made to the capital project funds in order provide for the County's local share of the project. Once the projects were complete, these transfers were made to return any remaining unspent local share monies back to the Motor Vehicle and Gas Tax fund.

Transfers were made from the Sewer Enterprise fund to a nonmajor special revenue fund to support GIS mapping operations.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE

ADAMS, LAWRENCE, SCIOTO ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD - JOINTLY GOVERNED ORGANIZATION

Scioto County is a member of the three-county Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS Board), which is a jointly governed organization between Adams, Lawrence, and Scioto Counties. The purpose of the ADAMHS Board is to provide aid, support and education for alcohol and drug dependent citizens as well as those who are mentally handicapped.

The three-county ADAMHS Board is governed by a board consisting of 14 members. The breakdown is as follows: six members are appointed by the Ohio Director of Mental Health and Addiction Services and eight are appointed by Commissioners of Scioto, Lawrence and Adams Counties. The main sources of revenue for this Board are grants from the Ohio Department of Mental Health and Addiction Services. Outside agencies are contracted by the Board to provide service for the Board. Financial records are maintained by the Scioto County Auditor and Treasurer. Each county has a participation percentage based upon the number of board members appointed. Scioto County appoints four members, which represents 50 percent of the total members appointed by the three counties. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The Board of County Commissioners appoint members proportionate to the County's population of the whole district with at least one member being appointed from each County. The ADAMHS Board received a contribution from the County of \$2,000 during 2019.

OHIO VALLEY RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC. - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia, and Lawrence Counties each appoint three members to the 30 member Council. The Council selects an administrator to oversee operations. The Council exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Council. The Ohio Valley Resource Conservation and Development Area, Inc. received no contributions from the County during 2019; other revenues are from USDA grants. Scioto County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

WORKFORCE DEVELOPMENT BOARD/SO CONSORTIUM - JOINTLY GOVERNED ORGANIZATION

The Workforce Investment Act of 1998 (WIA) was reauthorized as the Workforce Innovation and Opportunity Act of 2014 (WIOA). On December 17, 2015 the Board of County Commissioners approved an intergovernmental agreement for Adams, Brown, Pike and Scioto County which established the terms, conditions, and requirements governing the administration of the Workforce Innovation and Opportunity Act of 2014 and Chief Elected Officials duties and created the SO Consortium for the purpose of implementing, governing, and administering any and all workforce and economic development programming. The Workforce Development Board is a jointly governed organization of representatives

from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county and consists of 22 members. The Board consists of a 51 percent business membership and the remaining membership from labor, education and training, disabilities, veterans, youth organizations, and Wagner-Peyser. The Workforce Development Board meets at least quarterly and is responsible for the five-year plan, selecting one-stop operators, selecting youth providers and coordinating all activities in association with WIOA funds. This Board enables the participating counties to have more local control over the programs which they assist in overseeing. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The Workforce Investment Opportunity Act received no contributions from the County during 2019. The Workforce Development Board is responsible for advising the SO Consortium and is not an entity separate from the SO Consortium. The SO Consortium is a council of governments formed under Ohio Revised Code Section 167.03.

OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a 12 county economic development planning district in southern Ohio. The Commission was formed to favorably influence the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Scioto County for its existence. The Commission exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Commission. The County contributed \$13,667 to the Commission during the year.

SCIOTO COUNTY COMMUNITY ACTION ORGANIZATION - JOINTLY GOVERNED ORGANIZATION

The Scioto County Community Action Organization (CAO) is an IRS 502C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Scioto County. The CAO administers the Workforce Investment Act grant. The CAO Board is comprised of local public officials. The organization exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation in the organization. In 2019, the County made payments to the CAO in the amount of \$1,044,884 for the provision of services to the Scioto County Department of Jobs and Family Services.

SOUTHERN OHIO DEVELOPMENT INITIATIVE - JOINTLY GOVERNED ORGANIZATION

The Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. The organization exercises total control over its operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation with the organization. During 2019, the County made no payments nor received any monies from the Southern Ohio Development Initiative.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY - JOINTLY GOVERNED ORGANIZATION

The Portsmouth Metropolitan Housing Authority (the Authority) is a political subdivision that consists of five members. One member is appointed by the probate court, one member by the court of common pleas, one member by the board of county commissioners, and two members by the chief executive officer of the City of Portsmouth. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Authority exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation in the Authority. The Authority received no contributions from the County during 2019.

SOUTHERN OHIO COUNCIL OF GOVERNMENTS - JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization, created under the Ohio Revised code section 167.01. The governing body consists of a 15 member board with each participating County represented by the Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The County paid the Council \$247,600 for services provided during the year. Financial statements can be obtained from the Southern Ohio Council of Governments, 17273 St. Rt. 104, Building 8, Chillicothe, Ohio, 45601.

JOINT ECONOMIC DEVELOPMENT INITIATIVE OF SOUTHERN OHIO - JOINTLY GOVERNED ORGANIZATION

The Joint Economic Development Initiative of Southern Ohio (JEDISO) is a nonprofit corporation that was formed on April 11, 2017. It was created as a result of the federal government engaging with Fluor-BWXT Company to decontaminate and decommission the Portsmouth Gaseous Diffusion Plant. Fluor's contract required it to invest five percent of its funding to economic development in the surrounding counties. As a result, JEDISO was formed to help facilitate this. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Portsmouth Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. The organization exercises total control over its operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation with the organization. During 2019, the County made no payments nor received any monies from the JEDISO.

JOINT SOLID WASTE DISTRICT - JOINT VENTURE

The County participates in a joint venture with Lawrence County, the Joint Solid Waste District (the District). The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. Each of the governments supports the District and shares in an equal percentage of equity. The degree of control exercised by each participating County is limited to its representation on the Board. The Board of Directors consists of six members, which is made up of three Scioto County Commissioners and three Lawrence County Commissioners. Maintenance of the financial records pertaining to the operation of the District had been maintained by Lawrence County. In November 2012, Scioto County became the permanent fiscal agent for the District.

The County has an investment that is explicit and measurable in that the joint venture agreement stipulates that the participants have a future claim to the net resources of the District upon its dissolution. The agreement also sets forth the method to determine each members' proportionate share.

The District is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit or burden on the members in the future. The County's investment interest in the District was \$326,954 as of December 31, 2019. Complete financial statements can be obtained from the Scioto County Auditor's Office at 602 7th Street, Room 103, Portsmouth, OH 45662.

NOTE 19 - RISK SHARING POOL

COUNTY RISK SHARING AUTHORITY, INC. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool among 66 counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2019 was \$349,917. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio at 209 East State Street, Columbus, Ohio 43215-4309.

NOTE 20 - SIGNIFICANT COMMITMENTS

CONTRACTUAL COMMITMENTS

As of December 31, 2019, the County had the following contractual purchase commitments for various projects:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2019
2020 Guardrail Project - Lake Erie Construction Company	\$315,375	\$300,770	\$14,605
Media Conversion - Fidlar Technologies	17,320	12,990	4,330
New Construction - Tyler CLT	179,600	159,816	19,784
Aerial Imagery - Woolpert	123,954	0	123,954
Soil Review - Scioto Soil and Water Conservation District	100,980	23,310	77,670
Strand Associates - West Portsmouth & Purtee Acres	404,000	154,992	249,008
Strand Associates - Franklin Furnace	142,000	40,000	102,000
Dyntec Incorporated - Lucasville Interceptor	52,130	21,035	31,095
Total	<u>\$1,335,359</u>	<u>\$712,913</u>	<u>\$622,446</u>

ENCUMBRANCES

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

Governmental Funds:	
General	\$838,765
Public Assistance	295,005
Motor Vehicle Gas Tax	100,442
Board of Developmental Disabilities	108,784
Children Services	53,077
Nonmajor Governmental Funds	786,764
Total Governmental Funds	<u>2,182,837</u>
Proprietary Funds:	
Sanitary Sewer	267,003
Total	<u>\$2,449,840</u>

NOTE 21 - CONTINGENT LIABILITIES

LITIGATION

The County is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

FEDERAL AND STATE GRANTS

For the period January 1, 2019, to December 31, 2019, the County received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowance, if any, would be immaterial.

NOTE 22 - RELATED PARTY TRANSACTIONS

The Scioto County Airport Authority, a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of the Airport. In 2019, these contributions were \$118,657.

The Scioto County Land Reutilization Corporation, a discretely presented component unit of Scioto County, received one-time contributions from the Scioto County Treasurer's Delinquent Real Estate Tax Assessment Collection (DRETAC) fund and the Scioto County Commissioners' through the County's general fund for start-up costs during 2016. The Corporation owes the County \$500,000 as of December 31, 2019, for the purpose to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed, and other real property in the County. The financial statements reflect \$500,000 in "Due from Component Unit".

The Southern Ohio Port Authority, a discretely presented component unit of Scioto County, received contributions from the County. The Port Authority owes the County \$95,234 as of December 31, 2019, for a land acquisition project. The financial statements reflect \$95,234 in "Due from Component Unit".

NOTE 23 - 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 nonmajor governmental funds are presented on the following page:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Fund Balances	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund	Board of Developmental Disabilities Fund	Children Services Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>							
Prepays	\$288,586	\$66,623	\$26,618	\$74,679	\$18,724	\$106,364	\$581,594
Materials and							
Supplies Inventory	79,960	18,011	396,046	5,013	0	47,863	546,893
Long-term Receivable	140,000	0	0	0	0	0	140,000
Unclaimed Monies	154,436	0	0	0	0	0	154,436
<i>Total Nonspendable</i>	662,982	84,634	422,664	79,692	18,724	154,227	1,422,923
<i>Restricted for</i>							
Debt Service	0	0	0	0	0	60,815	60,815
Capital Projects	0	0	0	0	0	371,438	371,438
Public Safety	0	0	0	0	0	3,014,680	3,014,680
Human Services	0	1,370,851	0	0	1,799,613	3,936,081	7,106,545
Public Works	0	0	4,210,419	0	0	0	4,210,419
Health	0	0	0	6,230,109	0	265,546	6,495,655
Community and							
Economic Development	0	0	0	0	0	438,661	438,661
Transportation	0	0	0	0	0	209,253	209,253
Judicial	0	0	0	0	0	728,162	728,162
Legislative and Executive	0	0	0	0	0	2,327,671	2,327,671
Conservation and Recreation	0	0	0	0	0	24,047	24,047
<i>Total Restricted</i>	0	1,370,851	4,210,419	6,230,109	1,799,613	11,376,354	24,987,346
<i>Committed to</i>							
Judicial Programs	0	0	0	0	0	350,882	350,882
<i>Assigned to</i>							
Future Appropriations	76,548	0	0	0	0	0	76,548
Debt Service	0	0	0	0	0	25,155	25,155
Purchases on Order	561,037	0	0	0	0	0	561,037
Public Safety Programs	170,358	0	0	0	0	0	170,358
Judicial Programs	503	0	0	0	0	0	503
Legislative and Executive	11,368	0	0	0	0	0	11,368
<i>Total Assigned</i>	819,814	0	0	0	0	25,155	844,969
<i>Unassigned (Deficit)</i>	15,527,289	0	0	0	0	(6,778)	15,520,511
<i>Total Fund Balances</i>	\$17,010,085	\$1,455,485	\$4,633,083	\$6,309,801	\$1,818,337	\$11,899,840	\$43,126,631

NOTE 24 – ACCOUNTABILITY

At December 31, 2019, the Marriage License and Indigent Application Fee Special Revenue Funds had deficit fund balances of \$6,726 and \$52, respectively. The General Fund provides transfers to cover deficit balances in other funds, this is done when cash is needed rather than when accruals occur.

NOTE 25 – SUBSEQUENT EVENTS

In June of 2020, the County approved conduit debt regarding the issuance of Exempt Facilities Revenue Bonds, Series 2020, in the aggregate principal amount not to exceed \$300,000,000 for the Scioto County Port Authority. The proceeds are for the purpose of financing and refinancing the acquisition, construction and equipping certain solid waste disposal facilities.

On June 30, 2020, the County approved a Water Pollution Control Loan Fund Agreement in the amount of \$1,313,114 for the Interceptor Project (the realignment of existing 24 inch concrete sewer and manholes that run from the Southern Ohio Correctional Facility to Lucasville waste water treatment plant). Interest rate of the loan is .87% for a period of 20 years. On June 9, 2020, the project was awarded to Insituform Technologies, LLC for \$1,145,550.

On September 1, 2020 the County approved resolutions regarding a USDA loan resolution for the issuance of bonds in the principal amount of \$3,000,000 and acceptance of a grant in an amount not to exceed \$200,000 for the purpose of constructing certain sewer improvements relating to the West Portsmouth and Purtee Acres waste water treatment plant project. On September 10, 2020 the County approved a resolution authorizing the issuance of Sanitary Sewer System Revenue Bonds, Series 2020 in an aggregate principal amount of \$3,000,000. Interest rate of the bonds is 1.5% for a period of 40 years and payment of the bonds will be from pledged revenues.

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plans in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or State, cannot be estimated. The COVID-19 pandemic may have a significant impact on revenue for 2020. This includes sales tax, local government, and casino revenue collections.

NOTE 26 - DISCRETELY PRESENTED COMPONENT UNITS

SCIOTO COUNTY AIRPORT AUTHORITY

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of the Scioto County Airport Authority:

Measurement Focus and Basis of Accounting - The Airport is accounted for like proprietary funds using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budgetary Basis of Accounting - Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

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

Capital Assets - A summary of the Airport's capital assets at December 31, 2019, follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Land	\$365,737
Construction in Progress	118,844
Land Improvements	1,986,232
Buildings	1,300,629
Machinery and Equipment	175,394
Vehicles	142,950
Less: Accumulated Depreciation	<u>(1,896,921)</u>
Total Capital Assets (Net)	<u>\$2,192,865</u>

As of December 31, 2019, the Airport had the following contractual purchase commitments for:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2019
Vocational School	\$28,035	\$25,139	\$2,896
Skyline Family Restaurant	3,000	2,500	500
Façade Renovation & Additions	35,250	29,650	5,600
Airport Renovation-Restaurant	469,274	89,194	380,080
Removal/Move Fence	31,000	15,500	15,500
Total	<u>\$566,559</u>	<u>\$161,983</u>	<u>\$404,576</u>

SCIOTO COUNTY LAND REUTILIZATION CORPORATION

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of the Scioto County Land Reutilization Corporation:

Summary of Significant Accounting Policies - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of the revenues, expenses, gains, losses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting - The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. However, the Board of Directors of the Corporation adopted an annual budget for the fiscal year.

Deposits - At December 31, 2019, \$250,000 of the Corporation's bank balance of \$265,073 was covered by Federal Deposit Insurance Corporation (FDIC). The remaining balance was collateralized through the Ohio Pooled Collateral System. Protection of the Corporation's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institution's 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.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Short Term Obligations – The Corporation has a line of credit available through the Scioto County Commissioners in the amount of \$500,000. The purpose of this line of credit was to provide funds to cover up front costs of rehabilitating projects until reimbursements could be obtained. This line of credit carries a zero percent interest rate. Changes in this line of credit during 2019 were as follows:

	Principal Outstanding at 12/31/2018	Additions	Deletions	Principal Outstanding at 12/31/2019
Scioto County Line of Credit	\$0	\$500,000	\$0	\$500,000

Restatement of Beginning Net Position and Fund Balances - Errors were identified in the previously reported assets held for resale balance. In 2019, the Corporation opted to correct these errors. Those had the following effect on previously reported net position and fund balance.

	Governmental Activities	General Fund
Net Position/Fund Balance, As Reported, December 31, 2018	\$1,509,650	\$1,473,782
Restatements:		
Assets Held for Resale	(12,377)	(12,377)
Net Position/Fund Balance, As Restated, January 1, 2019	\$1,497,273	\$1,461,405

SOUTHERN OHIO PORT AUTHORITY

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of the Southern Ohio Port Authority:

Summary of Significant Accounting Policies - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of the revenues, expenses, gains, losses and other changes in net position during the reporting period. All transactions have been accounted for in a single enterprise fund.

Measurement Focus and Basis of Accounting - The Port Authority is accounted for like proprietary funds using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budgetary Basis of Accounting - Ohio Revised Code Section 4582.13 requires the Port Authority to annually prepare a budget. No further approvals or actions are required under Section 4582 of the Ohio Revised Code.

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

Capital Assets/Property Held for Resale: - A summary of the Port Authority’s capital assets and property held for resale at December 31, 2019, follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
<i>Nondepreciable Capital Assets</i>				
Land	\$998,130	\$0	\$0	\$998,130
<i>Property Held for Resale</i>				
Land Held for Resale	45,550	0	0	45,550

Loan Payable – The Port Authority has a loan with Scioto County in the amount of \$95,234 for the purpose of a land acquisition project.

Net Pension Liability – The Port Authority participates in the Ohio Employees Retirement System (OPERS). The Authority’s contractually required contribution was \$0 for 2019 as they did not have employees in 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority’s proportion of the net pension liability was based on the Port Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Port Authority’s defined benefits pension plan and pension expense:

Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.00000000%
Prior Measurement Date	0.00068700%
Change in Proportionate Share	-0.00068700%
Proportionate Share of the:	
Pension Expense	(\$51,537)

At December 31, 2019, the Port Authority reported deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	\$87,172
Total Deferred Inflows of Resources	\$87,172

\$0 reported as deferred outflows of resources related to pension resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2020	(\$50,081)
2021	(37,091)
Total	(\$87,172)

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The Port Authority's proportionate share of the net pension liability is calculated using the current period discount rate assumption of 7.2 percent, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2018.

Net OPEB Liability – The Port Authority's contractually required contribution was \$0 for 2019.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.000000%
Prior Measurement Date	0.000640%
Change in Proportionate Share	<u>-0.0006400%</u>
Proportionate Share of the:	
OPEB Expense	(\$27,489)

At December 31, 2019, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources

Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	<u>\$51,559</u>
Total Deferred Inflows of Resources	<u>\$51,559</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2020	(\$27,489)
2021	(23,370)
2022	<u>(700)</u>
Total	<u>(\$51,559)</u>

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The Port Authority's proportionate share of the net OPEB liability is calculated using the single discount rate of 3.85 percent, as well as what the Port Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2018.

Sensitivity of the Port Authority'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 net OPEB liability is calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2018.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Port Authority has deferred inflows of resources related to pensions and OPEB.

Risk Management - The Port Authority is included in Scioto County's County Risk Sharing Authority Joint Self Insurance Pool formed under Ohio Revised Code Section 2744. It provided for the following: comprehensive property and general liability coverage; vehicles; and errors and omissions. During 2019, the Port Authority had no settlements that exceeded insurance coverage in any of the past three years. There were also no significant changes in coverage from the prior year.

Conduit Debt Obligations - In order to provide financial assistance to private sector entities for the acquisition and construction of commercial and industrial facilities deemed to be in the public interest, the Port Authority, has from time to time, issued conduit debt. This debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans.

Ownership of the acquired facilities transfers to the private sector entity served by the bond issuance upon repayment of the bonds. The Port Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the conduit debt is not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there is one conduit debt outstanding, that was originally filed for \$10,000,000. The Educational Facilities Development Revenue Bond is still outstanding but is currently being paid by the Clark Foundation.

NOTE 27 - CONDENSED COMPONENT UNIT STATEMENTS

CONDENSED COMPONENT UNIT STATEMENT OF NET POSITION

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Scioto County Airport Authority	Scioto County Land Reutilization Corporation	Southern Ohio Port Authority	Total
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$27,197	\$246,519	\$48,083	\$321,799
Cash and Cash Equivalents with Fiscal Agent	0	346	0	346
Accounts Receivable	1,185	0	0	1,185
Prepays	1,371	0	0	1,371
Due from Other Governments	0	361,586	0	361,586
Assets Held for Resale	0	2,121,168	45,550	2,166,718
Capital Assets:				
Land and Construction in Progress	484,581	0	998,130	1,482,711
Depreciable Capital Assets, Net	1,708,284	0	0	1,708,284
Total Assets	2,222,618	2,729,619	1,091,763	6,044,000
<u>Liabilities:</u>				
Accounts Payable	4,628	0	8,264	12,892
Contracts Payable	5,338	0	0	5,338
Due to Primary Government	0	500,000	95,234	595,234
Accrued Liabilities	0	47,343	0	47,343
Due to Grantors	0	39,264	0	39,264
Unearned Revenue	0	66,593	38,401	104,994
Total Liabilities	9,966	653,200	141,899	805,065
<u>Deferred Inflows of Resources:</u>				
Pension	0	0	87,172	87,172
OPEB	0	0	51,559	51,559
Total Deferred Inflows of Resources	0	0	138,731	138,731
<u>Net Position:</u>				
Net Investment in Capital Assets	2,192,865	0	902,896	3,095,761
Unrestricted (Deficit)	19,787	2,076,419	(91,763)	2,004,443
Total Net Position	\$2,212,652	\$2,076,419	\$811,133	\$5,100,204

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

CONDENSED COMPONENT UNIT STATEMENT OF ACTIVITIES

	Scioto County Airport Authority	Scioto County Land Reutilization Corporation	Southern Ohio Port Authority	Total
Expenses:	<u>\$791,620</u>	<u>\$140,996</u>	<u>\$200,908</u>	<u>\$1,133,524</u>
Program Revenues:				
Charges for Services and Sales	137,709	2,385	0	140,094
Operating Grants and Contributions	118,657	717,607	256,657	1,092,921
Capital Grants and Contributions	<u>97,328</u>	<u>0</u>	<u>0</u>	<u>97,328</u>
Total Program Revenues	353,694	719,992	256,657	1,330,343
Interest	15	0	257	272
Miscellaneous	<u>0</u>	<u>150</u>	<u>1,200</u>	<u>1,350</u>
Total Revenues	<u>353,709</u>	<u>720,142</u>	<u>258,114</u>	<u>1,331,965</u>
Change in Net Position	(437,911)	579,146	57,206	198,441
<i>Net Position at Beginning of Year -Restated</i>	<u>2,650,563</u>	<u>1,497,273</u>	<u>753,927</u>	<u>4,901,763</u>
<i>Net Position at End of Year</i>	<u><u>\$2,212,652</u></u>	<u><u>\$2,076,419</u></u>	<u><u>\$811,133</u></u>	<u><u>\$5,100,204</u></u>

This page intentionally left blank.

SCIOTO COUNTY, OHIO
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Traditional Plan
 Last Six Years (1)

	2019	2018	2017
County's Proportion of the Net Pension Liability	0.14956893%	0.15102596%	0.15310712%
County's Proportionate Share of the Net Pension Liability	\$40,963,900	\$23,693,048	\$34,768,024
County's Covered Payroll	\$19,636,845	\$19,458,971	\$19,884,376
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	208.61%	121.76%	174.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the County's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15238630%	0.15310760%	0.15310760%
\$26,395,228	\$18,466,488	\$18,049,391
\$18,474,210	\$18,192,968	\$17,879,362
142.88%	101.50%	100.95%
81.08%	86.45%	86.45%

SCIOTO COUNTY, OHIO
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Combined Plan
 Last Two Years (1)

	2019	2018
County's Proportion of the Net Pension Liability	0.06829029%	0.06715062%
County's Proportionate Share of the Net Pension Asset	(\$76,366)	(\$91,414)
County's Covered Payroll	\$292,071	\$275,015
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	(26.15)%	(33.42)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the County's participation in this plan was considered immaterial in previous years.

Amounts presented as of the County's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

SCIOTO COUNTY, OHIO
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the
 Net OPEB Liability
 Ohio Public Employees Retirement System - OPEB Plan
 Last Three Years (1)

	2019	2018	2017
County's Proportion of the Net OPEB Liability	0.14207400%	0.14345900%	0.14614860%
County's Proportionate Share of the Net OPEB Liability	\$18,523,094	\$15,578,589	\$14,221,450
County's Covered Payroll	\$20,048,166	\$19,855,111	\$20,336,027
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	92.39%	78.46%	69.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the County's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

SCIOTO COUNTY, OHIO
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Seven Fiscal Years (1)

	2019	2018	2017	2016
County's Proportion of the Net Pension Liability	0.00613029%	0.00593058%	0.00489094%	0.00604072%
County's Proportionate Share of the Net Pension Liability	\$1,355,677	\$1,304,002	\$1,161,853	\$2,022,011
County's Covered Payroll	\$719,721	\$674,207	\$537,700	\$635,600
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.36%	193.41%	216.08%	318.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

Amounts presented for each fiscal year were determined as of June 30th.

See accompanying notes to the required supplementary information.

2015	2014	2013
0.00591745%	0.00652135%	0.00652135%
\$1,635,410	\$1,586,219	\$1,889,493
\$617,386	\$717,554	\$757,315
264.89%	221.06%	249.50%
72.10%	74.70%	69.30%

SCIOTO COUNTY, OHIO
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net OPEB Liability
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net OPEB Liability	0.00613029%	0.00593058%	0.00489094%
County's Proportionate Share of the Net:			
OPEB Asset	(\$101,532)	(\$95,298)	\$0
OPEB Liability	\$0	\$0	\$190,827
County's Covered Payroll	\$719,721	\$674,207	\$537,700
County's Proportionate Share of the Net OPEB Asset / Liability as a Percentage of its Covered Payroll	(14.11)%	(14.13)%	35.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each fiscal year were determined as of June 30th

See accompanying notes to the required supplementary information.

This page intentionally left blank.

SCIOTO COUNTY, OHIO
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System
Last Seven Years (1)(2)

	2019	2018	2017	2016
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$2,994,927	\$2,828,190	\$2,606,685	\$2,465,706
Contributions in Relation to the Contractually Required Contribution	<u>(2,994,927)</u>	<u>(2,828,190)</u>	<u>(2,606,685)</u>	<u>(2,465,706)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$20,804,986	\$19,636,845	\$19,458,971	\$19,884,376
Contributions as a Percentage of Covered Payroll	14.40%	14.40%	13.40%	12.40%
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$43,077	\$40,890	\$35,752	\$34,935
Contributions in Relation to the Contractually Required Contribution	<u>(43,077)</u>	<u>(40,890)</u>	<u>(35,752)</u>	<u>(34,935)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$307,693	\$292,071	\$275,015	\$291,125
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
Net OPEB Liability - OPEB Plan				
Contractually Required Contribution	\$4,457	\$4,770	\$202,185	\$409,931
Contributions in Relation to the Contractually Required Contribution	<u>(4,457)</u>	<u>(4,770)</u>	<u>(202,185)</u>	<u>(409,931)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$21,224,104	\$20,048,166	\$19,855,111	\$20,336,027
Contributions as a Percentage of Covered Payroll	0.02%	0.02%	1.02%	2.02%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available for the traditional plan and information prior to 2016 is not available for the combined plan. An additional column will be added each year.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2015	2014	2013
\$2,288,853	\$2,256,548	\$2,401,615
(2,288,853)	(2,256,548)	(2,401,615)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$18,474,210	\$18,192,968	\$17,879,362
12.39%	12.40%	13.43%

SCIOTO COUNTY, OHIO
Required Supplementary Information
Schedule of County Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Pension Liability				
Contractually Required Contribution	\$98,887	\$102,663	\$82,322	\$83,684
Contributions in Relation to the Contractually Required Contribution	<u>(98,887)</u>	<u>(102,663)</u>	<u>(82,322)</u>	<u>(83,684)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$706,336	\$733,307	\$588,014	\$597,743
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset / Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$85,682	\$91,873	\$89,512	\$90,794	\$86,727	\$89,074
<u>(85,682)</u>	<u>(91,873)</u>	<u>(89,512)</u>	<u>(90,794)</u>	<u>(86,727)</u>	<u>(89,074)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$612,014	\$681,888	\$688,554	\$698,415	\$667,131	\$685,185
14.00%	13.47%	13.00%	13.00%	13.00%	13.00%
\$0	\$3,614	\$6,886	\$6,984	\$6,671	\$6,852
<u>0</u>	<u>(3,614)</u>	<u>(6,886)</u>	<u>(6,984)</u>	<u>(6,671)</u>	<u>(6,852)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.53%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

CHANGES IN ASSUMPTIONS – OPERS PENSION – TRADITIONAL PLAN

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and in 2016 and prior are presented below:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

CHANGES IN ASSUMPTIONS – OPERS PENSION – COMBINED PLAN

For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

CHANGES IN ASSUMPTIONS – STRS PENSION

Amounts reported beginning in 2017 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

	2017	2016 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning in 2017, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For 2016 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

CHANGES IN ASSUMPTIONS – OPERS OPEB

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent, initial; 3.25 ultimate in 2029. Also, for 2019, the Investment Rate of Return Assumption decreased from 6.5% to 6.

For 2018, the health care cost trend rate was 7.25 percent, initial; 3.25 percent ultimate in 2028. For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

CHANGES IN ASSUMPTIONS – STRS OPEB

For 2018, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

CHANGES IN BENEFIT TERMS – STRS OPEB

For 2019, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Job and Family Services</i>				
Supplemental Nutrition Assistance Program Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5802/G-2021-11-5989	N/A	\$524,153
<i>Passed through Ohio Department of Natural Resources</i>				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	N/A	N/A	<u>13,560</u>
Total U.S. Department of Agriculture				<u>537,713</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through Ohio Development Services Agency</i>				
Community Development Block Grants/State's Program				
Community Development Program	14.228	B-F-18-1CP-1	N/A	198,167
Community Housing Impact and Preservation Program		B-C-17-1CP-1	N/A	<u>148,192</u>
Total Community Development Block Grants/State's Program				346,359
Home Investment Partnerships Program	14.239	B-C-17-1CP-2	N/A	<u>277,916</u>
Total U.S. Department of Housing and Urban Development				<u>624,275</u>
U.S. DEPARTMENT OF THE INTERIOR				
<i>Direct Program</i>				
Payments in Lieu of Taxes				
	15.226	N/A	N/A	4,853
<i>Passed through Ohio Department of Natural Resources</i>				
National Forest Acquired Lands				
	15.438	N/A	N/A	<u>7,294</u>
Total U.S. Department of the Interior				12,147
U.S. DEPARTMENT OF JUSTICE				
<i>Direct from the United States Marshals Service</i>				
Equitable Sharing Program				
	16.922	N/A	N/A	39,038
<i>Passed through Ohio Attorney General Crime Victims Section</i>				
Crime Victim Assistance				
	16.575	2019-VOCA-132134362	N/A	17,680
		2019-VOCA-132135403	N/A	59,328
		2020-VOCA-132923764	N/A	<u>16,546</u>
Total Crime Victim Assistance				93,554
<i>Passed through Ohio Department of Public Safety Office of Criminal Justice Services</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
	16.738	2017-JG-LLE-5109	N/A	<u>10,000</u>
Total U.S. Department of Justice				142,592

(Continued)

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	97318 104688 108424 99196	N/A N/A N/A N/A	391,408 24,000 8,670 <u>264,940</u> 689,018
Total Highway Planning and Construction				689,018
Formula Grants for Rural Areas	20.509	RPTF-4119-050-181 RPTF-4119-050-191 RPTM-0119-050-191	N/A N/A N/A	977 329,240 <u>22,932</u> 353,149
Total Formula Grants for Rural Areas				353,149
National Infrastructure Investments	20.933	TTGR-0119-036-16T	N/A	<u>73,001</u>
Total Passed Through Ohio Department of Transportation				1,115,168
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services</i>				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	STEP-2019-Scioto Co. Sheriff's Offi-00057 STEP-2020-Scioto Co. Sheriff's Offi-00064	N/A N/A	11,580 <u>1,806</u> 13,386
Total State and Community Highway Safety				13,386
Total Highway Safety Cluster				13,386
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2019-Scioto Co. Sheriff's Offi-00057 IDEP-2020-Scioto Co. Sheriff's Offi-00064	N/A	11,169 <u>4,609</u> 15,778
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated				15,778
Total Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services				29,164
Total U.S. Department of Transportation				1,144,332
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct from the United States Environmental Protection Agency</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	N/A	<u>150,000</u>
Total U.S. Environmental Protection Agency				150,000
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through Ohio Department of Education</i>				
<i>Special Education Cluster:</i>				
Special Education- Grants to States	84.027	078063-6BSF-2019	N/A	37,486
Special Education- Preschool Grants	84.173	078063-PGS1-2019	N/A	<u>360</u>
Total Special Education Cluster				37,846
Total United States Department of Education				37,846
U.S. ELECTION ASSISTANCE COMMISSION				
<i>Passed through the Ohio Secretary of State:</i>				
2018 HAVA Election Security Grants	90.404	N/A	N/A	<u>30,536</u>
Total U.S. Election Assistance Commission				<u>30,536</u>

(Continued)

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through the Ohio Department of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1819-11-5803/G-2021-11-5990	N/A	22,678
Child Support Enforcement	93.563	G-1819-11-5802/G-2021-11-5989	N/A	716,264
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5803/G-2021-11-5990	N/A	35,766
Foster Care Title IV-E	93.658	G-1819-11-5803/G-2021-11-5990	N/A	1,345,487
Adoption Assistance	93.659	G-1819-11-5803/G-2021-11-5990	N/A	153,810
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1819-11-5803/G-2021-11-5990	N/A	29,142
Social Services Block Grant	93.667	G-1819-11-5802/G-2021-11-5989	95,768	958,260
		G-1819-11-5802/G-1819-11-5803/G-2021-11-5989	945,564	3,034,171
TANF Cluster: Temporary Assistance for Needy Families (TANF)	93.558	G-1819-11-5802/G-2021-11-5989	N/A	135,871
CCDF Cluster: Child Care and Development Block Grant	93.575	G-1819-11-5802/G-2021-11-5989	N/A	352,057
Children's Health Insurance Program	93.767			
Medicaid Cluster: Medical Assistance Program	93.778	G-1819-11-5802/G-2021-11-5989	N/A	<u>1,736,885</u>
Total Passed through the Ohio Department of Job and Family Services				8,520,391
<i>Passed through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	N/A	N/A	41,834
Medicaid Cluster: Medical Assistance Program - Medicaid Administrative Claiming (MAC)	93.778	N/A	N/A	<u>311,317</u>
Total Passed through the Ohio Department of Developmental Disabilities				353,151
<i>Passed through Supreme Court of Ohio</i>				
State Court Improvement Program	93.586	G-1801OHSCID	N/A	78,540
<i>Passed through ADAMHS Board of Adams, Lawrence and Scioto Counties</i>				
Block Grants for Community Mental Health Services	93.958	N/A	N/A	45,522
Total U.S. Department of Health and Human Services				8,997,604
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
<i>Passed through the City of Independence, Ohio</i>				
High Intensity Drug Trafficking Areas Program	95.001	G18OH0003A	N/A	15,295
		G19OH0003A	N/A	<u>15,897</u>
Total High Intensity Drug Trafficking Areas Program				<u>31,192</u>
Total U.S. Executive Office of the President				31,192
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through the Ohio Emergency Management Agency</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4424-DR-145-05957-00	N/A	20,207
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01	N/A	33,567
		EMC-2019-EP-00005	N/A	<u>26,303</u>
Total Emergency Management Performance Grants				59,870
Total U.S. Department of Homeland Security				<u>80,077</u>
Total Expenditures of Federal Awards				<u>\$11,788,314</u>

The accompanying notes are an integral part of this schedule.

SCIOTO COUNTY

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Scioto County (the County) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

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

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

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

The County has an Economic Development Community Development Block Grant (CDBG) Program Income Account. The current cash balance of Scioto County's local program income account as of December 31, 2019 is \$26,540.

In addition, the County has an Ohio Small Cities Community Development Block Grant (CDBG) Housing Program Income Account. The current cash balance of Scioto County's local program income account as of December 31, 2019 is \$6,759.

NOTE F – UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOANS OUTSTANDING – EDEN PARK SEWER PROJECT

The County was previously awarded a grant and a loan through the Water and Waste Disposal Systems for Rural Communities program, CFDA #10.760. Both grant and loan proceeds were previously reported on the Schedule when expended. The project was completed in 2014, and all funds from both the grant and loan proceeds had been expended as of December 31, 2014. USDA loan proceeds extended over the life of the project totaled \$1,388,000. The balance of USDA loans outstanding relating to the Eden Park Project totaled \$1,237,300 as of December 31, 2019.

NOTE G – UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOANS OUTSTANDING – MINFORD SEWER PROJECT

The County was previously awarded a grant and a loan through the ARRA-Water and Waste Disposal Systems for Rural Communities program, CFDA #10.781. Both grant and loan proceeds have been reported on the Schedule when expended. The remaining grant and loan proceeds were drawn down in 2015 and the remaining proceeds were expended in 2017. USDA loan proceeds drawn down over the life of the project total \$14,912,000. Repayment of the loan began in 2016, and the balance of USDA loans outstanding relating to the Minford Sewer Project totaled \$13,931,970 as of December 31, 2019.

NOTE H - 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 I – MEDICAID COST REPORT SETTLEMENT

During the calendar year, the County Board of Developmental Disabilities received settlement payments for the 2015 and 2016 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$51 and \$7,797, respectively. The Cost Report Settlement payment was for the settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in a prior reporting period.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scioto County, (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 26, 2020 wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

October 26, 2020

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State

Columbus, Ohio

October 26, 2020

SCIOTO COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

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)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction Cluster – CFDA #20.205 TANF Cluster: Temporary Assistance for Needy Families (TANF) – CFDA #93.558 Foster Care Title IV-E – CFDA #93.658
(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?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



SCIOTO 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 11/17/2020

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

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