



OHIO AUDITOR OF STATE
KEITH FABER



**GUERNSEY COUNTY
DECEMBER 31, 2020**

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DECEMBER 31, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio, as of December 31, 2020, and the respective changes in cash financial position and where applicable cash flows and the respective budgetary comparison for the General, Public Assistance, Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities and Children Services Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

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

Other Matters

Supplementary Information

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

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

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

Other Information

We applied no procedures to Management's Discussion and Analysis, as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, 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

November 24, 2021

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Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The discussion and analysis of Guernsey County's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2020, within the limitations of the County's cash basis accounting. Readers should also review the cash basis financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- Net cash position of governmental activities increased \$6,966,806.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$43,317,644, an increase of \$4,988,948 over the fund balance for the prior year.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the County's Cash Financial Statements. The County's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

County-Wide Financial Statements

The county-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business.

The *Statement of Net Position – Cash Basis* presents information on all of the County's cash assets, presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the cash and investments of the County are improving or deteriorating.

The *Statement of Activities – Cash Basis* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Both of the government-wide financial statements identify functions of the County that are principally supported by taxes and intergovernmental receipts (governmental activities). The governmental activities of the County include general government, public safety, public works, health, human services, economic development and assistance, other, capital outlay, and debt service disbursements.

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 programs and services are reported here, including general government, public safety, public works, health, human services, economic development, other, capital outlay, and debt service disbursements. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's water and sewer systems are reported here.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction of the use of monies, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General, Public Assistance, Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities and Children's Services funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund *Statement of Cash Basis Assets and Fund Balance* and *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances* for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for the Water Fund operations and Sewer Fund operations. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Fund accounts for the claims relating to the County's workers compensation and self-insurance hospitalization programs.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs.

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2020 compared to 2019.

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 47,007,092	\$ 39,952,934	\$ 7,054,158	\$ 2,287,486	\$ 2,408,254	\$ (120,768)
Cash and Cash Equivalents in Segregated Accounts	153,599	249,671	(96,072)	0	0	0
Cash and Cash Equivalents with Fiscal Agents	1,684,214	1,675,494	8,720	0	0	0
<i>Total Assets</i>	48,844,905	41,878,099	6,966,806	2,287,486	2,408,254	(120,768)
Net Position						
Restricted for:						
Capital Outlay	6,159,850	3,275,260	2,884,590	0	0	0
Debt Service	168,998	180,381	(11,383)	0	0	0
Motor Vehicle and Gasoline Tax	2,019,647	2,556,524	(536,877)	0	0	0
Public Assistance	668,004	736,739	(68,735)	0	0	0
Children Services	2,982,425	2,910,592	71,833	0	0	0
Expendable	57,695	56,429	1,266	0	0	0
Nonexpendable	20,000	20,000	0	0	0	0
Developmental Disabilities	10,483,778	11,925,005	(1,441,227)	0	0	0
Other Purposes	4,963,668	4,264,714	698,954	0	0	0
Unrestricted	21,320,840	15,952,455	5,368,385	2,287,486	2,408,254	(120,768)
<i>Total Net Position</i>	\$ 48,844,905	\$ 41,878,099	\$ 6,966,806	\$ 2,287,486	\$ 2,408,254	\$ (120,768)

A portion of the County's governmental activities net position, \$27,524,065, or 56 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net position, \$21,320,840 or 44 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

The governmental activities saw a large increase in pooled cash and cash equivalents, primarily for investments related to the issuance of bonds for the Road Preservation & Improvement Project

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

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

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Receipts						
<i>Program Receipts</i>						
Charges for Services	\$ 5,508,953	\$ 5,867,198	\$ (358,245)	\$ 3,897,876	\$ 4,045,200	\$ (147,324)
Operating Grants & Contributions	22,421,784	18,723,907	3,697,877	49,176	0	49,176
Capital Grants & Contributions	1,722,769	3,166,743	(1,443,974)	0	0	0
<i>Total Program Receipts</i>	<u>29,653,506</u>	<u>27,757,848</u>	<u>1,895,658</u>	<u>3,947,052</u>	<u>4,045,200</u>	<u>(98,148)</u>
<i>General Receipts</i>						
Property Taxes	10,392,039	9,612,032	780,007	0	38,719	(38,719)
Permissive Sales Tax	9,005,055	8,922,370	82,685	0	0	0
Other Local Taxes	641,584	867,760	(226,176)	0	0	0
Grants and Entitlements	1,740,222	2,237,574	(497,352)	0	0	0
Gain on Sale of Capital Assets	2,718	91,785	(89,067)	0	0	0
Investment Earnings	644,624	779,377	(134,753)	0	0	0
Proceeds from Sale of Bonds	4,000,000	0	4,000,000	0	0	0
Proceeds of OPWC Loans	154,353	0	154,353	0	0	0
Insurance Recoveries	76,843	52,418	24,425	0	0	0
Miscellaneous	1,593,834	1,203,886	389,948	75	29,320	(29,245)
<i>Total General Receipts</i>	<u>28,251,272</u>	<u>23,767,202</u>	<u>4,484,070</u>	<u>75</u>	<u>68,039</u>	<u>(67,964)</u>
<i>Total Receipts</i>	<u>57,904,778</u>	<u>51,525,050</u>	<u>6,379,728</u>	<u>3,947,127</u>	<u>4,113,239</u>	<u>(166,112)</u>
Program Disbursements						
<i>General Government</i>						
Legislative and Executive	8,527,886	8,056,079	471,807	0	0	0
Judicial	3,912,721	4,014,975	(102,254)	0	0	0
Public Safety	5,161,160	5,571,161	(410,001)	0	0	0
Public Works	7,465,510	8,124,305	(658,795)	0	0	0
Health	8,709,317	9,479,597	(770,280)	0	0	0
Human Services	14,102,518	13,536,001	566,517	0	0	0
Economic Development	31,415	235,303	(203,888)	0	0	0
Other	280,543	258,257	22,286	0	0	0
Capital Outlay	1,828,810	817,803	1,011,007	0	0	0
<i>Debt Service:</i>						
Principal Retirements	1,023,443	623,385	400,058	0	0	0
Interest and Fiscal Charges	125,720	99,058	26,662	0	0	0
Sewer	0	0	0	939,410	932,667	6,743
Water	0	0	0	2,897,414	2,924,583	(27,169)
<i>Total Program Disbursements</i>	<u>51,169,043</u>	<u>50,815,924</u>	<u>353,119</u>	<u>3,836,824</u>	<u>3,857,250</u>	<u>(20,426)</u>
<i>Increase (Decrease) in Net Position</i>	6,735,735	709,126	6,026,609	110,303	255,989	(145,686)
Transfers	231,071	230,145	926	(231,071)	(230,145)	(926)
<i>Change in Net Position</i>	6,966,806	939,271	6,027,535	(120,768)	25,844	(146,612)
<i>Net Position Beginning of Year</i>	<u>41,878,099</u>	<u>40,938,828</u>	<u>939,271</u>	<u>2,408,254</u>	<u>2,382,410</u>	<u>25,844</u>
<i>Net Position End of Year</i>	<u>\$ 48,844,905</u>	<u>\$ 41,878,099</u>	<u>\$ 6,966,806</u>	<u>\$ 2,287,486</u>	<u>\$ 2,408,254</u>	<u>\$ (120,768)</u>

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being operating grants. Other prominent sources are property taxes, permissive sales taxes and charges for services.

Governmental revenue is comprised of program revenue and general revenue. General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of property tax, sales tax and intergovernmental revenues. The County monitors its sources of revenues very closely for fluctuations.

Operating grants increased due to an increase in the fuel tax received by the County as well as Federal funding received from the CARES act. Capital grants saw a large decrease due to receipts received on-behalf of other entities for Federal ODOT and OPWC projects in progress throughout the County in 2019 but not in 2020. Miscellaneous receipts increased due to additional dividends received from the Bureau of Workers Compensation.

The largest program function of the County is for human services, which includes the public assistance and children and family services programs. Other major program disbursements for governmental activities include health, public works and general government – legislative and executive. During 2020, capital outlay disbursements increased as the County began the Road Preservation & Improvement Project which is designed to improve secondary roads throughout the County.

Business-Type Activities include water and sewer operations. The revenues are generated primarily from charges for services. In 2020, charges for services accounted for 99 percent of the business-type revenues.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2020 compared to 2019. The statement of activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, unrestricted intergovernmental receipts, and unrestricted interest receipts.

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government				
Legislative and Executive	\$ 8,527,886	\$ 8,056,079	\$ 2,960,498	\$ 5,087,536
Judicial	3,912,721	4,014,975	2,402,316	2,600,767
Public Safety	5,161,160	5,571,161	4,158,163	4,375,717
Public Works	7,465,510	8,124,305	303,903	164,984
Health	8,709,317	9,479,597	6,710,080	7,076,419
Human Services	14,102,518	13,536,001	1,911,703	2,172,427
Economic Development	31,415	235,303	(4,197)	14,493
Other	280,543	258,257	280,543	258,257
Capital Outlay	1,828,810	817,803	1,643,365	585,033
Debt Service:				
Principal Retirements	1,023,443	623,385	1,023,443	623,385
Interest and Fiscal Charges	125,720	99,058	125,720	99,058
Total Disbursements	\$ 51,169,043	\$ 50,815,924	\$ 21,515,537	\$ 23,058,076

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Charges for services, operating grants and contributions and capital grants and contributions represent 58 percent of the total costs of services are received and used to fund the disbursements of the County. The remaining disbursements are funded by property taxes, permissive sales taxes, other local taxes, intergovernmental receipts, interest and miscellaneous receipts.

Financial Analysis of County Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The General Fund is the primary operating fund of the County. The fund balance of the County's General Fund increased during 2020. This was primarily caused by an increase of other receipts for dividends received from Bureau of Workers Compensation during the year coupled with a decrease in disbursements due to reimbursements received from State and Federal sources to offset expenses caused by the COVID-19 epidemic.

The Public Assistance Fund had a decrease in fund balance of \$68,735.

The Motor Vehicle and Gasoline Tax Fund had a decrease in fund balance which was primarily due to an increase in intergovernmental receipts for fuel tax.

The Board of Developmental Disabilities Fund saw a decrease during 2020. This was primarily caused by a reduction in intergovernmental receipts due to additional Medicaid settlements received in 2019, as well as a reduction in levy proceeds during 2020.

The Children's Services Fund had an increase in fund balance of \$59,964.

Business-Type Activities

The County's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the water fund at the end of the year amounted to \$991,297 and the unrestricted net position of the sewer fund was \$1,296,189. Growth in net position for the water fund was \$150,236, before transfers, while the sewer fund saw a decrease in net position of \$39,933. Other factors concerning the finances of these two funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1. The most significant budgeted fund is the general fund.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was not significant.

Final Budget Compared to Actual Results The most significant difference between estimated revenues and actual revenues was for other receipts, which was caused by the additional Bureau of Workers Compensation dividends received by the County that were not anticipated.

Final disbursement appropriations were higher than the actual disbursements. There was a decrease in disbursements due to the receipt of State and Federal reimbursements that offset expenses caused by the COVID-19 epidemic as well as potential projects that were in the initial planning phase that were not started during 2020.

There were significant variances within other financing sources and uses for transfers, which were less than anticipated.

Debt

At December 31, 2020, Guernsey County had the following debt outstanding:

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Special Assessment Bonds	\$ 117,600	\$ 132,494	\$ 265,100	\$ 283,800	\$ 382,700	\$ 416,294
General Obligation Bonds	6,387,617	3,341,998	1,882,287	1,977,658	8,269,904	5,319,656
OPWC Loans	431,847	331,662	762,498	812,498	1,194,345	1,144,160
OWDA Loans	0	0	2,181,428	2,309,050	2,181,428	2,309,050
USDA Loan	0	0	3,289,000	3,345,000	3,289,000	3,345,000
<i>Total</i>	\$ 6,937,064	\$ 3,806,154	\$ 8,380,313	\$ 8,728,006	\$ 15,317,377	\$ 12,534,160

The County issued bonds in the amount of \$4,000,000 for the purpose of improving secondary roads throughout the County. For further information regarding the County's debt, refer to Note 10 to the basic financial statements.

Economic Factors

The unemployment rate for Guernsey County averaged 6.1 percent in November 2020. This rate is higher than the State of Ohio rate of 5.2 percent in November 2020.

The County's \$1,036,303,990 overall assessed valuation has increased \$55,815,110 from the prior year due to a mineral value increase. The table below compares 2019 values to 2020 values.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020

	<u>2019</u>	<u>2020</u>	<u>Change</u>
Real Property	\$ 828,662,110	\$ 873,341,700	\$ 44,679,590
Public Utility Real Property	371,930	372,440	510
Public Utility Personal Property	<u>151,454,840</u>	<u>162,589,850</u>	<u>11,135,010</u>
Total Assessed Value	<u>\$ 980,488,880</u>	<u>\$ 1,036,303,990</u>	<u>\$ 55,815,110</u>

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tony Brown, Guernsey County Auditor, 627 Wheeling Avenue, Cambridge, Ohio 43725.

Guernsey County, Ohio
Statement of Net Position - Cash Basis
 December 31, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 47,007,092	\$ 2,287,486	\$ 49,294,578
Cash and Cash Equivalents in Segregated Accounts	153,599	0	153,599
Cash and Cash Equivalents with Fiscal Agents	1,684,214	0	1,684,214
<i>Total Assets</i>	<u>\$ 48,844,905</u>	<u>\$ 2,287,486</u>	<u>\$ 51,132,391</u>
Net Position			
Restricted for:			
Capital Outlay	\$ 6,159,850	\$ 0	\$ 6,159,850
Debt Service	168,998	0	168,998
Motor Vehicle and Gasoline Tax	2,019,647	0	2,019,647
Public Assistance	668,004	0	668,004
Children Services	2,982,425	0	2,982,425
Expendable	57,695	0	57,695
Nonexpendable	20,000	0	20,000
Developmental Disabilities	10,483,778	0	10,483,778
Other Purposes	4,963,668	0	4,963,668
Unrestricted	21,320,840	2,287,486	23,608,326
<i>Total Net Position</i>	<u>\$ 48,844,905</u>	<u>\$ 2,287,486</u>	<u>\$ 51,132,391</u>

See accompanying notes to the cash financial statements.

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

	Cash Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government							
Legislative and Executive	\$ 8,527,886	\$ 2,720,006	\$ 2,815,865	\$ 31,517	\$ (2,960,498)	\$ 0	\$ (2,960,498)
Judicial	3,912,721	954,646	555,759	0	(2,402,316)	0	(2,402,316)
Public Safety	5,161,160	282,249	720,748	0	(4,158,163)	0	(4,158,163)
Public Works	7,465,510	178,463	5,393,089	1,590,055	(303,903)	0	(303,903)
Health	8,709,317	921,851	1,077,386	0	(6,710,080)	0	(6,710,080)
Human Services	14,102,518	367,490	11,823,325	0	(1,911,703)	0	(1,911,703)
Economic Development	31,415	0	35,612	0	4,197	0	4,197
Other	280,543	0	0	0	(280,543)	0	(280,543)
Capital Outlay	1,828,810	84,248	0	101,197	(1,643,365)	0	(1,643,365)
Debt Service:							
Principal Retirements	1,023,443	0	0	0	(1,023,443)	0	(1,023,443)
Interest and Fiscal Charges	125,720	0	0	0	(125,720)	0	(125,720)
<i>Total Governmental Activities</i>	<u>51,169,043</u>	<u>5,508,953</u>	<u>22,421,784</u>	<u>1,722,769</u>	<u>(21,515,537)</u>	<u>0</u>	<u>(21,515,537)</u>
Business-Type Activities							
Sewer	939,410	899,402	0	0	0	(40,008)	(40,008)
Water	2,897,414	2,998,474	49,176	0	0	150,236	150,236
<i>Total Business-Type Activities</i>	<u>3,836,824</u>	<u>3,897,876</u>	<u>49,176</u>	<u>0</u>	<u>0</u>	<u>110,228</u>	<u>110,228</u>
<i>Total Primary Government</i>	<u>\$ 55,005,867</u>	<u>\$ 9,406,829</u>	<u>\$ 22,470,960</u>	<u>\$ 1,722,769</u>	<u>(21,515,537)</u>	<u>110,228</u>	<u>(21,405,309)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					2,412,428	0	2,412,428
Health Levy					1,677,698	0	1,677,698
County Home					795,052	0	795,052
Children Services					1,590,836	0	1,590,836
Development Disabilities					1,696,352	0	1,696,352
Enhanced 911 System Levy					932,838	0	932,838
Senior Citizens Levy					1,286,835	0	1,286,835
Sales Taxes Levied for:							
General Purposes					8,224,860	0	8,224,860
Debt Service					318,195	0	318,195
Capital Improvement					462,000	0	462,000
Other Local Taxes					641,584	0	641,584
Grants and Entitlements not Restricted to Specific Programs					1,740,222	0	1,740,222
Proceeds from Sale of Assets					2,718	0	2,718
Investment Earnings					644,624	0	644,624
Insurance Recoveries					76,843	0	76,843
Proceeds from Sale of Bonds					4,000,000	0	4,000,000
Proceeds of OPWC Loans					154,353	0	154,353
Miscellaneous					1,593,834	75	1,593,909
<i>Total General Receipts</i>					<u>28,251,272</u>	<u>75</u>	<u>28,251,347</u>
Transfers					231,071	(231,071)	0
<i>Change in Net Position</i>					<u>6,966,806</u>	<u>(120,768)</u>	<u>6,846,038</u>
<i>Net Position Beginning of Year</i>					<u>41,878,099</u>	<u>2,408,254</u>	<u>44,286,353</u>
<i>Net Position End of Year</i>					<u>\$ 48,844,905</u>	<u>\$ 2,287,486</u>	<u>\$ 51,132,391</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balance
 Governmental Funds
 December 31, 2020

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	Children's Services	All Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 15,927,228	\$ 668,004	\$ 2,019,647	\$ 8,799,564	\$ 1,414,125	\$ 12,651,263	\$ 41,479,831
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	153,599	153,599
Cash and Cash Equivalents with Fiscal Agents	0	0	0	1,684,214	0	0	1,684,214
<i>Total Assets</i>	<u>\$ 15,927,228</u>	<u>\$ 668,004</u>	<u>\$ 2,019,647</u>	<u>\$ 10,483,778</u>	<u>\$ 1,414,125</u>	<u>\$ 12,804,862</u>	<u>\$ 43,317,644</u>
Fund Balances							
Nonspendable	\$ 145,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 165,297
Restricted	0	668,004	2,019,647	10,483,778	1,414,125	12,773,214	27,358,768
Committed	155,000	0	0	0	0	11,648	166,648
Assigned	606,293	0	0	0	0	0	606,293
Unassigned	15,020,638	0	0	0	0	0	15,020,638
<i>Total Fund Balances</i>	<u>\$ 15,927,228</u>	<u>\$ 668,004</u>	<u>\$ 2,019,647</u>	<u>\$ 10,483,778</u>	<u>\$ 1,414,125</u>	<u>\$ 12,804,862</u>	<u>\$ 43,317,644</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position - Cash Assets of Governmental Activities
December 31, 2020*

Total Governmental Fund Balances \$ 43,317,644

*Amounts reported for governmental activities in the
statement of net position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and net position of the internal service fund are included in governmental activities in the statement of net position.

5,527,261

Net Position of Governmental Activities

\$ 48,844,905

See accompanying notes to the cash financial statements.

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

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	Children's Services	All Other Governmental Funds	Total Governmental Funds
Receipts							
Property Taxes	\$ 2,412,428	\$ 0	\$ 0	\$ 1,696,352	\$ 1,590,836	\$ 4,692,423	\$ 10,392,039
Sales Taxes	8,224,860	0	0	0	0	780,195	9,005,055
Other Local Taxes	0	0	0	0	0	641,584	641,584
Special Assessments	0	0	0	0	0	38,965	38,965
Charges for Services	2,326,773	0	32,750	356,048	213,126	1,989,313	4,918,010
Licenses and Permits	8,149	0	47,451	0	0	136,678	192,278
Fines and Forfeitures	56,579	0	98,262	0	0	129,844	284,685
Intergovernmental	1,740,222	6,654,226	5,392,011	871,708	3,935,309	7,219,169	25,812,645
Interest	644,624	0	1,078	8,720	441	5,807	660,670
Rent	6,000	0	0	0	0	107,980	113,980
Contributions and Donations	0	0	0	0	14,367	12,462	26,829
Other	1,371,507	911	64,388	7,754	18,673	130,601	1,593,834
<i>Total Receipts</i>	<u>16,791,142</u>	<u>6,655,137</u>	<u>5,635,940</u>	<u>2,940,582</u>	<u>5,772,752</u>	<u>15,885,021</u>	<u>53,680,574</u>
Disbursements							
Current:							
General Government							
Legislative and Executive	4,560,180	0	0	0	0	4,510,553	9,070,733
Judicial	3,353,522	0	0	0	0	620,361	3,973,883
Public Safety	4,027,137	0	0	0	0	1,512,319	5,539,456
Public Works	143,298	0	5,696,226	0	0	1,930,413	7,769,937
Health	99,708	0	0	4,381,809	0	4,533,319	9,014,836
Human Services	385,883	6,792,614	0	0	5,712,788	1,596,840	14,488,125
Economic Development and Assistance	0	0	0	0	0	31,415	31,415
Other	280,543	0	0	0	0	0	280,543
Capital Outlay	149,493	0	0	0	0	1,679,317	1,828,810
Debt Service:							
Principal Retirement	0	0	54,168	0	0	969,275	1,023,443
Interest and Fiscal Charges	0	0	0	0	0	125,720	125,720
<i>Total Disbursements</i>	<u>12,999,764</u>	<u>6,792,614</u>	<u>5,750,394</u>	<u>4,381,809</u>	<u>5,712,788</u>	<u>17,509,532</u>	<u>53,146,901</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,791,378</u>	<u>(137,477)</u>	<u>(114,454)</u>	<u>(1,441,227)</u>	<u>59,964</u>	<u>(1,624,511)</u>	<u>533,673</u>
Other Financing Sources (Uses)							
Insurance Recoveries	67,133	0	0	0	0	0	67,133
Proceeds from Sale of Assets	0	0	0	0	0	2,718	2,718
Proceeds from Sale of Bonds	0	0	0	0	0	4,000,000	4,000,000
Issuance of OPWC Loans	0	0	0	0	0	154,353	154,353
Transfers In	0	68,742	0	0	0	1,079,746	1,148,488
Transfers Out	(494,994)	0	(422,423)	0	0	0	(917,417)
Advances In	0	0	0	0	0	10,000	10,000
Advances Out	0	0	0	0	0	(10,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(427,861)</u>	<u>68,742</u>	<u>(422,423)</u>	<u>0</u>	<u>0</u>	<u>5,236,817</u>	<u>4,455,275</u>
<i>Net Change in Fund Balance</i>	<u>3,363,517</u>	<u>(68,735)</u>	<u>(536,877)</u>	<u>(1,441,227)</u>	<u>59,964</u>	<u>3,612,306</u>	<u>4,988,948</u>
<i>Fund Balance Beginning of Year</i>	<u>12,563,711</u>	<u>736,739</u>	<u>2,556,524</u>	<u>11,925,005</u>	<u>1,354,161</u>	<u>9,192,556</u>	<u>38,328,696</u>
<i>Fund Balance End of Year</i>	<u>\$ 15,927,228</u>	<u>\$ 668,004</u>	<u>\$ 2,019,647</u>	<u>\$ 10,483,778</u>	<u>\$ 1,414,125</u>	<u>\$ 12,804,862</u>	<u>\$ 43,317,644</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2020*

Net Change in Fund Balances - Total Governmental Funds \$ 4,988,948

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental disbursements and related internal service fund receipts are eliminated. The net revenue receipts (disbursements) of the internal service fund is allocated among the governmental activities.

1,977,858

Change in Net Position of Governmental Activities

\$ 6,966,806

See accompanying notes to the cash financial statements.

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

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 2,600,000	\$ 2,600,000	\$ 2,433,903	\$ (166,097)
Sales Taxes	7,960,000	7,960,000	8,224,860	264,860
Charges for Services	1,940,940	1,940,940	1,994,089	53,149
Licenses and Permits	10,300	10,300	8,149	(2,151)
Fines and Forfeitures	51,500	51,500	56,579	5,079
Intergovernmental	1,545,823	1,545,823	1,740,222	194,399
Interest	700,000	700,000	644,624	(55,376)
Rent	6,000	6,000	6,000	0
Other	283,115	283,115	1,200,162	917,047
<i>Total Receipts</i>	<u>15,097,678</u>	<u>15,097,678</u>	<u>16,308,588</u>	<u>1,210,910</u>
Disbursements				
Current:				
General Government				
Legislative and Executive	6,944,634	6,986,408	4,488,743	2,497,665
Judicial	3,189,841	3,296,653	3,066,542	230,111
Public Safety	4,199,266	4,143,001	4,105,173	37,828
Public Works	162,828	162,828	143,398	19,430
Health	99,849	99,849	99,708	141
Human Services	519,104	487,504	389,350	98,154
Other	299,560	296,975	280,543	16,432
Capital Outlay	1,056,500	1,136,140	163,806	972,334
<i>Total Disbursements</i>	<u>16,471,582</u>	<u>16,609,358</u>	<u>12,737,263</u>	<u>3,872,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,373,904)</u>	<u>(1,511,680)</u>	<u>3,571,325</u>	<u>5,083,005</u>
Other Financing Sources (Uses)				
Insurance Recoveries	50,116	50,116	50,116	0
Transfers In	943,002	728,048	13,002	(715,046)
Transfers Out	(1,297,122)	(1,409,105)	(514,994)	894,111
Advances Out	(300,000)	(300,000)	0	300,000
<i>Total Other Financing Sources (Uses)</i>	<u>(604,004)</u>	<u>(930,941)</u>	<u>(451,876)</u>	<u>479,065</u>
<i>Net Change in Fund Balance</i>	(1,977,908)	(2,442,621)	3,119,449	5,562,070
<i>Fund Balance Beginning of Year</i>	10,275,064	10,275,064	10,275,064	0
Prior Year Encumbrances Appropriated	466,740	466,740	466,740	0
<i>Fund Balance End of Year</i>	<u>\$ 8,763,896</u>	<u>\$ 8,299,183</u>	<u>\$ 13,861,253</u>	<u>\$ 5,562,070</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Intergovernmental	\$ 7,407,643	\$ 6,655,878	\$ 6,654,226	\$ (1,652)
Other	0	0	911	911
<i>Total Receipts</i>	7,407,643	6,655,878	6,655,137	(741)
Disbursements				
Current:				
Human Services	8,193,817	7,442,052	7,071,448	370,604
Capital Outlay	1,000	1,000	0	1,000
<i>Total Disbursements</i>	8,194,817	7,443,052	7,071,448	371,604
<i>Excess of Receipts Over (Under) Disbursements</i>	(787,174)	(787,174)	(416,311)	370,863
Other Financing Sources (Uses)				
Transfers In	68,000	68,000	68,742	742
<i>Net Change in Fund Balance</i>	(719,174)	(719,174)	(347,569)	371,605
<i>Fund Balance Beginning of Year</i>	534,773	534,773	534,773	0
Prior Year Encumbrances Appropriated	184,401	184,401	184,401	0
<i>Fund Balance End of Year</i>	\$ 0	\$ 0	\$ 371,605	\$ 371,605

See accompanying notes to the cash financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Charges for Services	\$ 32,750	\$ 32,750	\$ 32,750	\$ 0
Licenses and Permits	22,951	22,951	47,451	24,500
Fines and Forfeitures	210,000	143,632	98,262	(45,370)
Intergovernmental	5,681,000	5,456,778	5,392,011	(64,767)
Interest	900	900	1,078	178
Other	24,299	24,299	64,388	40,089
<i>Total Receipts</i>	5,971,900	5,681,310	5,635,940	(45,370)
Disbursements				
Current:				
Public Works	6,816,271	6,791,513	5,727,150	1,064,363
Debt Service:				
Principal Retirement	55,000	54,168	54,168	0
<i>Total Disbursements</i>	6,871,271	6,845,681	5,781,318	1,064,363
<i>Excess of Receipts Over (Under) Disbursements</i>	(899,371)	(1,164,371)	(145,378)	1,018,993
Other Financing Sources (Uses)				
Transfers Out	0	(422,423)	(422,423)	0
<i>Net Change in Fund Balance</i>	(899,371)	(1,586,794)	(567,801)	1,018,993
<i>Fund Balance Beginning of Year</i>	2,079,076	2,079,076	2,079,076	0
Prior Year Encumbrances Appropriated	463,835	463,835	463,835	0
<i>Fund Balance End of Year</i>	\$ 1,643,540	\$ 956,117	\$ 1,975,110	\$ 1,018,993

See accompanying notes to the cash financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property Taxes	\$ 1,683,575	\$ 1,683,575	\$ 1,714,248	\$ 30,673
Charges for Services	210,000	200,230	356,048	155,818
Intergovernmental	462,719	434,213	871,708	437,495
Interest	0	0	8,720	8,720
Other	153,000	153,000	7,754	(145,246)
<i>Total Receipts</i>	<u>2,509,294</u>	<u>2,471,018</u>	<u>2,958,478</u>	<u>487,460</u>
Disbursements				
Current:				
Health	9,036,642	8,004,703	4,508,705	3,495,998
Other Financing Sources (Uses)				
Transfers In	1,503,000	475,308	0	(475,308)
Transfers Out	(4,000,000)	(3,986,494)	0	3,986,494
<i>Total Other Financing Sources (Uses)</i>	<u>(2,497,000)</u>	<u>(3,511,186)</u>	<u>0</u>	<u>3,511,186</u>
<i>Net Change in Fund Balance</i>	(9,024,348)	(9,044,871)	(1,550,227)	7,494,644
<i>Fund Balance Beginning of Year</i>	11,512,250	11,512,250	11,512,250	0
Prior Year Encumbrances Appropriated	280,818	280,818	280,818	0
<i>Fund Balance End of Year</i>	<u>\$ 2,768,720</u>	<u>\$ 2,748,197</u>	<u>\$ 10,242,841</u>	<u>\$ 7,494,644</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Children's Services
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property Taxes	\$ 1,600,000	\$ 1,602,036	\$ 1,602,036	\$ 0
Charges for Services	150,000	180,000	213,126	33,126
Intergovernmental	\$ 2,857,000	\$ 3,494,955	\$ 3,925,599	\$ 430,644
Interest	900	139	441	302
Contributions and Donations	4,000	13,661	14,367	706
Other	6,650	26,998	28,383	1,385
<i>Total Receipts</i>	4,618,550	5,317,789	5,783,952	466,163
Disbursements				
Current:				
Human Services	5,450,201	6,224,440	6,088,976	135,464
<i>Net Change in Fund Balance</i>	(831,651)	(906,651)	(305,024)	601,627
<i>Fund Balance Beginning of Year</i>	998,569	998,569	998,569	0
Prior Year Encumbrances Appropriated	265,829	265,829	265,829	0
<i>Fund Balance End of Year</i>	\$ 432,747	\$ 357,747	\$ 959,374	\$ 601,627

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2020

	Enterprise Funds		Governmental Activities - Internal Service Fund	
	Water	Nonmajor Enterprise Fund		Total
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 991,297</u>	<u>\$ 1,296,189</u>	<u>\$ 2,287,486</u>	<u>\$ 5,527,261</u>
Net Position				
Unrestricted	<u>\$ 991,297</u>	<u>\$ 1,296,189</u>	<u>\$ 2,287,486</u>	<u>\$ 5,527,261</u>

See accompanying notes to the cash financial statements.

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

	Enterprise Funds		Governmental Activities - Internal Service Fund	
	Water	Nonmajor Enterprise Fund		Totals
Operating Receipts				
Charges for Services	\$ 2,957,474	\$ 899,402	\$ 3,856,876	\$ 7,357,508
Tap-In Fees	41,000	0	41,000	0
Other	0	75	75	393,708
<i>Total Operating Receipts</i>	<u>2,998,474</u>	<u>899,477</u>	<u>3,897,951</u>	<u>7,751,216</u>
Operating Disbursements				
Personal Services	591,760	201,204	792,964	0
Contractual Services	1,819,433	351,532	2,170,965	1,470,068
Materials and Supplies	163,823	21,837	185,660	0
Claims	0	0	0	4,303,290
Capital Outlay	66,239	10,942	77,181	0
Other	7,026	1,500	8,526	0
<i>Total Operating Disbursements</i>	<u>2,648,281</u>	<u>587,015</u>	<u>3,235,296</u>	<u>5,773,358</u>
<i>Operating Income (Loss)</i>	<u>350,193</u>	<u>312,462</u>	<u>662,655</u>	<u>1,977,858</u>
Non-Operating Receipts (Disbursements)				
Special Assessments	49,176	0	49,176	0
Principal Retirement	(136,985)	(210,708)	(347,693)	0
Interest and Fiscal Charges	(112,148)	(141,687)	(253,835)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(199,957)</u>	<u>(352,395)</u>	<u>(552,352)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	150,236	(39,933)	110,303	1,977,858
Transfers Out	<u>(231,071)</u>	<u>0</u>	<u>(231,071)</u>	<u>0</u>
<i>Change in Net Position</i>	(80,835)	(39,933)	(120,768)	1,977,858
<i>Net Position Beginning of Year</i>	<u>1,072,132</u>	<u>1,336,122</u>	<u>2,408,254</u>	<u>3,549,403</u>
<i>Net Position End of Year</i>	<u>\$ 991,297</u>	<u>\$ 1,296,189</u>	<u>\$ 2,287,486</u>	<u>\$ 5,527,261</u>

See accompanying notes to the cash financial statements.

Guernsey County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2020

	<u>Custodial Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,148,567
Cash and Cash Equivalents in Segregated Accounts	448,739
<i>Total Assets</i>	<u>3,597,306</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 3,597,306</u>

See accompanying notes to the cash financial statements.

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

	Custodial Funds
Additions	
Intergovernmental	\$ 8,393,880
Amounts Received as Fiscal Agent	1,803,686
Licenses, Permits & Fees for Other Governments	6,830,346
Fines & Forfeitures for Other Governments	398,097
Property Tax Collections for Other Governments	37,119,861
Sheriff Sale Collections for Other Governments	86,414
Amounts Received for Others	289,978
Other	173,398
<i>Total Additions</i>	55,095,660
Deductions	
Distributions as Fiscal Agent	1,373,318
Distributions of State Funds to Other Governments	8,377,174
Licenses, Permits & Fee Distributions to Other Governments	6,756,739
Fines & Forfeitures Distributions to Other Governments	233,492
Property Tax Distributions to Other Governments	37,435,343
Sheriff Sale Distributions to Other Governments	95,118
Other Distributions	448,660
<i>Total Deductions</i>	54,719,844
 <i>Change in Net Position</i>	 375,816
 <i>Net Position Beginning of Year</i>	 3,221,490
 <i>Net Position End of Year</i>	 \$ 3,597,306

See accompanying notes to the cash financial statements.

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Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

Guernsey County (the “County”) is a body politic and corporate established in 1810 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is comprised of nineteen townships, one city, and ten villages. 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 who manage various segments of the County’s operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge) and Probate Court Judge (also serves as the Juvenile 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.

The County utilizes the standards of Government Accounting Standards Board (GASB) Statement 14 for determining the reporting entity, as well as GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement 14 and GASB Statement 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Guernsey County, this includes the Department of Developmental Disabilities, Children Services Board, Soldiers’ Relief Commission, Local Emergency Planning Committee (LEPC), Water and Sanitary Sewer Districts, and all departments and activities that are directly operated by the elected officials.

B. Component Units

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

The Guernsey County Port Authority qualifies as a component unit of the County, however it has not been presented in the financial statements or note disclosures as it is considered immaterial. In 2017, the Guernsey County Land Reutilization Corporation (“Land Bank”) was developed. The Land Bank qualifies as a discretely presented component unit, however has not been presented in the financial statements or note disclosures as it is considered immaterial.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

- Guernsey County District Public Library
- Ohio Valley Educational Service Center
- Guernsey Health Systems (Guernsey Health Foundation)
- Pritchard-Laughlin Convention Center

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:

Guernsey County General Health District is governed by the Board of Health. The Board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District. The County cannot influence the Health District's operations, nor is it obligated for the Health District's debt.

Guernsey County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The County participates in several jointly governed organizations, related organizations and public entity risk pools. These organizations are presented in Notes 14, 15 and 16 to the basic financial statements. These organizations are:

- Southeastern Ohio Joint Solid Waste Management District
- Guernsey-Monroe-Noble Community Action Corporation (GMN)
- Southeast Ohio Juvenile Rehabilitation District (SEOJRD)
- Guernsey County Family Service Council
- Mental Health and Recovery Services Board
- Mid-East Ohio Regional Council of Governments (MEORC)
- Ohio Mid-Eastern Governments Association (OMEGA)
- Cambridge-Guernsey County Visitors and Convention Bureau
- Area Office on Aging
- Eastern Ohio Correctional Center (EOCC)
- South East Area Transit (SEAT)
- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Park District
- Guernsey County Airport Authority
- County Risk Sharing Authority, Inc. (CORSA)
- County Commissioners Association of Ohio Service Corporation (CCAOSC)

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

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

B. 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. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

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

General – The General Fund accounts for 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 – The Public Assistance fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Motor Vehicle and Gasoline Tax (MVGT) – The Motor Vehicle and Gasoline Tax Fund accounts for receipts derived from motor vehicle licenses, gasoline taxes, grants and interest. Disbursements in this fund are restricted by state law to County road and bridge repair/improvements programs.

Board of Developmental Disabilities – The Board of Developmental Disabilities Fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled residents of the County. Receipt sources are primarily federal and state grant monies and a county-wide property tax levy.

Children's Services – The Children's Services Fund accounts for a County-wide property tax levy, Federal and State grants, support collections, Veteran's Administration and Social Security. Major expenditures are for foster homes, emergency shelters, medical care, school supplies, counseling and parental training.

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

Proprietary Funds

The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Water Fund – The Water fund accounts for water services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

The nonmajor enterprise fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are provided primarily through user charges.

Internal Service Funds – The Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County’s internal service funds account for self-insurance programs which provide health and dental, benefits and worker’s compensation to the employees 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. Custodial funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The County’s financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

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

D. Budgetary Process

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

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

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

E. Cash and Investments

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

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

The County utilized a jointly governed organization (MEORC) to service developmentally disabled residents within the County. The balance in this account is presented as “Cash and Cash Equivalents with Fiscal Agents.”

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2020, 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 the year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, 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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Interest earnings are allocated to County funds according to state statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 were \$644,624, which includes \$403,695 assigned from other County funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Pensions/Other Postemployment Benefits (OPEB)

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

K. Interfund Transactions

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

L. Long-Term Obligations

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

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include the senior citizens services, court programs, various health services, 911 system and economic development. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the County Commissioners. County Commissioners have by resolution authorized the County Auditor to assign fund balance. County Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – Budget and Actual (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis).
2. Cash that is held by the custodial funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (cash basis) in the appropriate County fund.
3. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets.

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

	General	Public Assistance	Motor Vehicle & Gasoline Tax	Board of Developmental Disabilities	Children's Services
Cash Basis	\$ 3,363,517	\$ (68,735)	\$ (536,877)	\$ (1,441,227)	\$ 59,964
Beginning of Year:					
Custodial Fund Cash Allocation	119,183	0	0	109,194	76,809
End of Year:					
Custodial Fund Cash Allocation	(67,680)	6,059	4,416	(85,637)	(61,694)
Funds Budgeted Elsewhere *	9,558	0	0	0	0
Adjustment for Encumbrances	(305,129)	(284,893)	(35,340)	(132,557)	(380,103)
Budget Basis	<u>\$ 3,119,449</u>	<u>\$ (347,569)</u>	<u>\$ (567,801)</u>	<u>\$ (1,550,227)</u>	<u>\$ (305,024)</u>

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis statements. This includes Certificate of Title Administration, Records Equipment, Unclaimed Money, Board of Developmental Disabilities Risk, Employee Payout Reserve and Public Defender Indigent Fee.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments

State statutes classify monies held by the County into three categories.

Active deposits are public deposits necessary to meet the current demands on the treasury. Such 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.

Inactive deposits are public deposits that County has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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.

Interim monies may be invested or deposited in the following securities:

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal governmental agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Up to forty percent of the County's average portfolio 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 need exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. Banker's acceptances eligible for purchase by the Federal Reserve System and which mature within 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 that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual fund rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rated commercial paper; and,
12. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in the United States.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Cash on Hand

At year end, the County had \$5,386 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

Deposits

At December 31, 2020, the County’s Board of Development Disabilities special revenue fund had a cash balance of \$1,684,214 with MEORC, a jointly governed organization (See Note 14). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain information, write to Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Investments

At December 31, 2020, the County had the following investments.

Investment	Measurement Value	Maturities			% of Total Investment	S&P Global Rating
		Less than 1 Year	1 to 3 Years	More Than 3 Years		
Cost:						
LPL Financial Money Market	\$ 78,042	\$ 78,042	\$ 0	\$ 0	0.2%	N/A
US Treasury Notes	3,990,000	1,650,000	2,340,000	0	9.7%	AAA
US Treasury Bills	13,019,000	13,019,000	0	0	31.8%	N/A
Negotiable Certificates of Deposit	6,777,000	1,477,000	4,055,000	1,245,000	16.5%	N/A
Federal Home Loan Mortgage Notes	1,500,000	500,000	1,000,000	0	3.7%	AA+
Federal Farm Credit Bank Bonds	11,900,000	0	1,900,000	10,000,000	29.0%	AA+
Guernsey County Secondary Road Improvement Bonds	3,617,744	386,094	1,181,702	2,049,948	8.8%	N/A
Net Asset Value (NAV):						
STAR Ohio	67,249	67,249	0	0	0.2%	AAAm
Total Investments	<u>\$40,949,035</u>	<u>\$ 17,177,385</u>	<u>\$ 10,476,702</u>	<u>\$ 13,294,948</u>	<u>100.0%</u>	

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The County has no investment policy that addresses credit risk beyond the requirements of State statute. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2020, is 56 days.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Note 5 – Permissive Sales and Use Tax

On February 27, 1989, the County Commissioners adopted a resolution which imposed a one quarter of one percent Permissive Sales Tax (Piggy Back Tax). The sales tax came into effect on April 1, 1992, and expired on April 1, 1993. This sales tax was renewed for two consecutive one-year terms and expired on April 1, 1995. On August 1, 1993, the County Commissioners adopted a resolution which imposed an additional one-quarter of one percent Permissive Sales Tax bringing the total Permissive Sales Tax to one-half of one percent. On February 22, 1995, the County Commissioners adopted a resolution to combine the two one-quarter of one percent Permissive Sales Taxes to a one-half of one percent tax. On January 19, 2005, the County Commissioners passed a resolution making the sales tax permanent. The revenues generated from the sales tax are used for the purpose of providing additional revenue for the County's General Fund, Bond Retirement Fund and County Facilities Construction and Improvement Fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the Office of Budget and Management, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

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 2020 for real and public utility property taxes represents collections of the 2019 taxes.

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

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

The full tax rate for all County operations for the year ended December 31, 2020, was \$14.60 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$ 873,341,700
Public Utility Real Property	372,440
Public Utility Personal Property	<u>162,589,850</u>
Total Assessed Value	<u><u>\$ 1,036,303,990</u></u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

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

Note 7 – 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; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk.

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

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each loss. Each of these areas contains a \$2,500 member deductible amount. Property damage is covered for \$104,973,726 equipment breakdown coverage is covered for \$100,000,000 and crime insurance is covered for \$1,000,000 for each occurrence.

In addition, the County maintains replacement cost insurance through CORSA on other property including the following: \$2,500,000 for valuable papers and extra expenses, \$250,000 for unintentional omissions, \$100,000,000 for flood and earthquake damage, and \$1,000,000 for debris removal.

Contractor’s equipment, miscellaneous inland marine, and auto physical damage are insured for their actual cash value under CORSA.

The amounts of settlements have not exceeded commercial coverage in any of the past three years. Also, the limits have not been lowered significantly in the past year.

With the exception of workers’ compensation, health, dental, vision, and life insurances, all other insurance is held with CORSA. The County pays all elected officials bonds by statute. The County contracts with MedBen, Delta Dental, and True RX to provide employees with medical, dental, and prescription insurance, respectively, through a self-insurance program. The self-insurance fund pays covered claims to these providers and recovers these costs from charges to other funds. Claim charges are approved by the claims administrator. Interfund rates are charged based on claims. A comparison of the self-insurance fund cash and investments to the actuarially measured liability as of December 31 follows:

	<u>2020</u>	<u>2019</u>
Cash and Investments	\$ 5,527,261	\$ 3,546,403
Actuarial liabilities	\$ 426,000	\$ 513,000

The County participates in the workers’ compensation program provided by the state of Ohio. Beginning in 2017, the County began participating in the County Commissioners Association of Ohio (CCAO) Workers’ Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool. The County continues to pay its own individual premiums and has the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating employers can receive either a premium refund or an assessment. For the 2020 program year, the County’s evaluation periods will be 12/31/21, 12/31/22, and 12/31/23. Refunds or

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

assessments will be calculated by the Ohio BWC, based on the pro-rata share of the County's individual premium compared to the overall Program premium. Participation in the Group Retrospective Rating Plan is limited to counties that can meet the Program's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the program.

The County maintains self-insurance internal service funds to account for and finance its uninsured risks of loss on these programs.

Note 8 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

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

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

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

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

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates		
Employer	14.00 %	18.10 %
Employee	10.00 %	**
2020 Actual Contribution Rates		
Employer:		
Pension	14.00 %	18.10 %
Post-Employment Health Care Benefits	<u>0.00 %</u>	<u>0.00 %</u>
Total Employer	<u>14.00 %</u>	<u>18.10 %</u>
Employee	<u>10.00 %</u>	<u>13.00 %</u>

* 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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$2,428,105 for 2020.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. 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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

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 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2020, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$519 for 2020.

Net Pension Liability

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

	OPERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.119119%	0.00008322%	
Prior Measurement Period	0.121181%	0.00049390%	
Change in Proportion	-0.002062%	-0.00041068%	
 Proportionate Share of the Net Pension Liability	\$ 23,544,678	\$ 20,136	\$ 23,564,814

Actuarial Assumptions - OPERS

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions 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, 2019, are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Valuation Date	December 31, 2019
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation at 3.25 percent)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 1.40 percent Simple through 2018, then 2.15 percent Simple

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets 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 17.2 percent for 2019.

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's Proportionate Share of the Net Pension Liability	\$ 38,832,794	\$ 23,544,678	\$ 9,801,111

Actuarial Assumptions – STRS

All disclosures related to the actuarial assumptions relate to the amounts used for the net pension liability for STRS which was measured as of June 30, 2020.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, 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
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

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

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2020

**Ten 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.

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Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table 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	Current Discount Rate	1% Increase
County's Proportionate Share of the Net Pension Liability	\$ 28,671	\$ 20,136	\$ 12,904

Note 9 - Defined Benefit OPEB Plans

Net OPEB Liability

See Note 8 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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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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 Comprehensive Annual Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County had no contractually required contribution for 2020.

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.

Guernsey County, Ohio
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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 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability was measured as of June 30, 2020 (the latest date for which information is available), and the total OPEB liability used to calculate the net OPEB liability was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.113928%	0.00008322%	
Prior Measurement Period	0.115707%	0.00049390%	
Change in Proportion	-0.001779%	-0.00041068%	
Proportionate Share of the Net OPEB Liability	\$ 15,736,416	\$ 1,463	\$ 15,737,879

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Guernsey County, Ohio
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Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (including wage inflation)
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.50 percent, initial, 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

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

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability	\$ 20,593,625	\$ 15,736,416	\$ 11,847,373

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-

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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 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability	\$ 15,272,048	\$ 15,736,416	\$ 16,194,865

Changes between Measurement Date and Reporting Date

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

Actuarial Assumptions – STRS

All disclosures related to the actuarial assumptions relate to the amounts used for the net OPEB liability for STRS which was measured as of June 30, 2020.

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
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.50 percent, initial, 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029

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

Guernsey County, Ohio
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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, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

Asset Class	Target Allocation	Long Term Expected Real 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	<u>100.00 %</u>	

**Ten 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 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	Current Discount Rate	1% Increase
	County's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,273)	\$ (1,463)
	1% Decrease	Current Trend Rate	1% Increase
	County's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,614)	\$ (1,463)

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Note 10 - Debt

The County's debt activity for the year ended December 31, 2020 was as follows:

	Outstanding 1/1/2020	Additions	Reductions	Outstanding 12/31/2020	Amounts Due Within One Year
Governmental Activities:					
<i>Direct Placements:</i>					
Stop Nine Sanitary Sewer-1993, \$559,200, 5%	\$ 34,300	\$ 0	\$ (1,700)	\$ 32,600	\$ 1,900
Wolf's Den Road Waterline-2000, \$63,880, 6%	3,194	0	(3,194)	0	0
State Route 313 Sewer-2006, \$200,000, 4.20-5.25%	95,000	0	(10,000)	85,000	10,000
Guernsey County Secondary Road Improvement Bonds - Series 2020	0	4,000,000	(382,256)	3,617,744	776,066
<i>Total Direct Placements</i>	<u>132,494</u>	<u>4,000,000</u>	<u>(397,150)</u>	<u>3,735,344</u>	<u>787,966</u>
<i>General Obligation Bonds:</i>					
Ohio State University Extension Building - Series 2007	107,524	0	(10,929)	96,595	11,567
Various Purpose Refunding and Improvement - Series 2012	2,995,000	0	(465,000)	2,530,000	475,000
Building Improvement Bonds - Series 2014	151,090	0	(7,812)	143,278	8,088
Multi-Agency Radio Communication Bonds - Series 2015	36,122	0	(36,122)	0	0
Roof Replacement Bonds - Series 2015	52,262	0	(52,262)	0	0
<i>Total General Obligation Bonds</i>	<u>3,341,998</u>	<u>0</u>	<u>(572,125)</u>	<u>2,769,873</u>	<u>494,655</u>
<i>Direct Borrowings:</i>					
OPWC Loan - 2007	22,633	0	(2,664)	19,969	2,663
OPWC Loan - 2018	309,029	0	(51,504)	257,525	51,505
OPWC Loan - 2020	0	154,353	0	154,353	0
<i>Total Direct Borrowings:</i>	<u>331,662</u>	<u>154,353</u>	<u>(54,168)</u>	<u>431,847</u>	<u>54,168</u>
Total Governmental Activities	<u>\$3,806,154</u>	<u>\$4,154,353</u>	<u>\$(1,023,443)</u>	<u>\$6,937,064</u>	<u>\$ 1,336,789</u>

	Outstanding 1/1/2020	Additions	Reductions	Outstanding 12/31/2020	Amounts Due Within One Year
Business-Type Activities:					
<i>Direct Placements:</i>					
Kimbolton Waterline - 1992, \$142,000, 5.75%	\$ 60,900	\$ 0	\$ (4,400)	\$ 56,500	\$ 4,700
North Salem Waterline - 1994, \$450,000, 5%	222,900	0	(14,300)	208,600	15,000
<i>Total Direct Placements</i>	<u>283,800</u>	<u>0</u>	<u>(18,700)</u>	<u>265,100</u>	<u>19,700</u>
<i>General Obligation Bonds:</i>					
Route 40 East Waterline - 2008, \$2,839,000, 4.42%	1,977,658	0	(95,371)	1,882,287	99,633
<i>Direct Borrowings:</i>					
Water Fund OWDA - 2006, \$288,657, 2%	114,318	0	(15,373)	98,945	15,682
Water Fund OWDA - 2009, \$69,134, 2%	32,904	0	(3,006)	29,898	3,064
Water Fund OWDA - 2010, \$112,010, 3.27%	58,972	0	(4,535)	54,437	4,684
Sewer Fund OWDA - 2015, \$1,354,297 .56%	1,042,631	0	(62,467)	980,164	62,818
Sewer Fund OWDA - 2011, \$1,363,953, 1%	1,060,225	0	(42,241)	1,017,984	42,665
Sewer Fund OPWC - 2015	412,499	0	(25,000)	387,499	25,000
Sewer Fund OPWC - 2015	399,999	0	(25,000)	374,999	25,000
USDA Loan - 2011	3,345,000	0	(56,000)	3,289,000	58,000
<i>Total Direct Borrowings</i>	<u>6,466,548</u>	<u>0</u>	<u>(233,622)</u>	<u>6,232,926</u>	<u>236,913</u>
Total Business-Type Activities	<u>\$ 8,728,006</u>	<u>\$ 0</u>	<u>\$(347,693)</u>	<u>\$ 8,380,313</u>	<u>\$ 356,246</u>

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Governmental Activities:

Special Assessment Bonds –Special assessment bonded debt outstanding is being repaid from the Special Assessment Bond Retirement Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. Principal and interest requirements to retire the special assessment bonds outstanding at December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 11,900	\$ 6,092	\$ 17,992
2022	16,900	5,473	22,373
2023	17,000	4,590	21,590
2024	17,200	3,702	20,902
2025	17,200	2,806	20,006
2026-2030	27,900	5,153	33,053
2031-2033	9,500	965	10,465
	\$ 117,600	\$ 28,781	\$ 146,381

General Obligation Bonds –General obligation bonded debt outstanding is being retired by the Bond Retirement Fund. The following bonds are backed by the full faith and credit of the County, therefore, there is no provision of default disclosed in the debt agreements.

On October 29, 2007, the County issued bonds in the amount of \$200,000. The bonds were issued for the purpose of constructing an office building for the Ohio State University Extension Services. The bonds were issued for a 20 year period at a 5.75 percent interest rate.

On September 5, 2012, the County entered into \$5,670,000 of various purpose refunding general obligation bonds that consisted of serial bonds with an interest rate of 2.20 percent. At the date of refunding, \$5,609,331 (after issuance costs) was received to pay off old debt. As a result, \$5,250,000 of the 2003 Series Bonds are considered to be defeased and the liability for those bonds were removed from the financial statements.

On September 15, 2014, the County issued bonds in the amount of \$185,000. The bonds were issued for the purpose of constructing an office building for the Guernsey Soil and Water Conservation District. The bonds were issued for a twenty year period at a 3.50 percent interest rate.

On June 24, 2015, the County issued bonds in the amount of \$173,000. The bonds were issued for the purpose of purchasing a multi-agency radio communication system and vehicles repeaters for the sheriff's office. The bonds were issued for a five year period at a 2.20 percent interest rate.

On November 9, 2015, the County issued bonds in the amount of \$250,000. The bonds were issued for the purpose of replacing the roof on the Guernsey County Law Enforcement Center. The bonds were issued for a five year period at a 2.25 percent interest rate.

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On June 10, 2020, the County issued bonds in the amount of \$4,000,000. The bonds were issued for the purpose of improving secondary roads throughout the County. The bonds were issued for a five year period at a 2.00 percent interest rate.

The bonds are being retired from property and sales tax revenues.

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 1,270,721	\$ 134,774	\$ 1,405,495
2022	1,292,345	107,701	1,400,046
2023	1,324,336	80,149	1,404,485
2024	1,056,701	51,895	1,108,596
2025	652,026	29,525	681,551
2026-2030	743,232	45,102	788,334
2031-2034	48,256	3,873	52,129
	<u>\$ 6,387,617</u>	<u>\$ 453,019</u>	<u>\$ 6,840,636</u>

Direct Borrowings

Ohio Public Works Commission (OPWC) Loans - The County entered into Ohio Public Works Commission loans for various road paving projects within the County which will be repaid from the Motor Vehicle and Gasoline Tax Fund. The 2007, 2018, and 2020 loans were issued for \$53,257, \$360,533, and \$154,353, respectively and are interest free. In the event of default, as defined by the debt agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

Principal requirements to retire the OPWC loans outstanding at December 31, 2020 are as follows:

Year Ending December 31,	OPWC Principal
2021	\$ 60,599
2022	67,030
2023	67,030
2024	67,030
2025	67,030
2026-2030	70,971
2031-2033	32,157
	<u>\$ 431,847</u>

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Business-Type Activities:

Special Assessment Bonds – The special assessment bond was issued to construct lines associated with the County water system. Special assessment bonded debt outstanding is being repaid from the Water Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. Principal requirements to retire the special assessment bonds outstanding at December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 19,700	\$ 16,386	\$ 36,086
2022	20,600	15,366	35,966
2023	21,700	14,299	35,999
2024	22,900	13,175	36,075
2025	24,000	11,989	35,989
2026-2030	136,200	39,913	176,113
2031-2034	20,000	2,500	22,500
	<u>\$ 265,100</u>	<u>\$ 113,628</u>	<u>\$ 378,728</u>

General Obligation Bonds – The general obligation bonds were issued to construct lines and a building associated with the County water system. The County issued a new bond during 2014 for the purchase of an F550 Cab and Chassis for the Water department. These bonds will be repaid from revenues derived by the County from the operation of the water system. These bonds are backed by the full faith and credit of the County, therefore, there is no provision of default disclosed in the debt agreements.

Principal requirements to retire the general obligation bonds outstanding at December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 99,633	\$ 84,659	\$ 184,292
2022	104,087	80,206	184,293
2023	108,738	75,554	184,292
2024	113,598	70,694	184,292
2025	118,675	65,617	184,292
2026-2030	677,840	243,620	921,460
2031-2035	659,716	77,452	737,168
	<u>\$ 1,882,287</u>	<u>\$ 697,802</u>	<u>\$ 2,580,089</u>

Direct Borrowings

Ohio Water Development Authority (OWDA) Loans - In 2006, the County entered into an OWDA loan for the purpose of updating the Guernsey County eastern water system.

The County entered into an OWDA loan in 2009 for the state route 313 waterline extension project.

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The County entered into an OWDA loan in 2010 for the purpose of waterline construction.

The County entered into an OWDA loan in 2011 for the Buffalo/Derwent sewer construction project.

The County entered into an OWDA loan in 2015 for the Coventry Estates and Beech Meadows waste water treatment plants project.

In the event of default, as defined by each OWDA loan agreement, 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.

Ohio Public Works Commission (OPWC) Loans – In 2015 the County entered into two loans with OPWC for the improvements at Coventry Estates and Beech Meadows waste water treatment plants. Both interest free loans are for \$499,999 and will be repaid over a twenty year period.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county’s undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

USDA Loan – During 2011, the County entered into a loan agreement with the United States Department of Agriculture (USDA) for the Buffalo/Derwent sewer construction project. The award amount of the loan is \$3,641,000 and was issued with an interest rate of 3.75 percent. The loan will be repaid over a 40 year period.

In the event of default, as defined by the debt agreement, the lender may exercise the following remedies: declare the entire amount of principal and accrued interest outstanding immediately due and payable; incur and pay reasonable expenses (payable from funds pledged to pay the bond or other legally available source) for repair, maintenance, and operation of the facility as may be necessary to cure the cause of default; or, take possession of the facility, repair, maintain, and operate or rent it.

Principal requirements to retire these direct borrowings outstanding at December 31, 2020 are as follows:

Year Ending December 31,	USDA			OWDA			OPWC
	Principal	Interest	Total	Principal	Interest	Total	Principal
2021	\$ 58,000	\$ 123,337	\$ 181,337	\$ 128,913	\$ 19,699	\$ 148,612	\$ 50,000
2022	60,000	121,163	181,163	130,224	18,390	148,614	50,000
2023	62,000	118,913	180,913	131,552	17,959	149,511	50,000
2024	64,000	116,907	180,907	132,903	15,710	148,613	50,000
2025	67,000	114,188	181,188	134,270	14,340	148,610	50,000
2026-2030	376,000	531,517	907,517	616,105	52,977	669,082	250,000
2031-2035	452,000	455,470	907,470	576,372	28,412	604,784	249,999
2036-2040	541,000	364,372	905,372	252,771	10,919	263,690	12,499
2041-2045	652,000	254,676	906,676	78,318	784	79,102	0
2046-2050	782,000	122,992	904,992	0	0	0	0
2051	175,000	6,563	181,563	0	0	0	0
	<u>\$ 3,289,000</u>	<u>\$ 2,330,098</u>	<u>\$ 5,619,098</u>	<u>\$ 2,181,428</u>	<u>\$ 179,190</u>	<u>\$ 2,360,618</u>	<u>\$ 762,498</u>

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The County has pledged future customer revenues, net of specified operating expenses, to repay \$2,943,926 in OWDA and OPWC loans issued from 2006 to 2020. Proceeds from these loans provided financing for various water and sewer projects. The loans are payable solely from customer net revenues and are payable through 2042. Net revenues include all revenues received by the water utility less all operating expenses. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 27.9 percent. The total principal and interest remaining to be paid on the loans is \$3,123,116. Principal and interest paid for the current year and total net revenues were \$198,610 and \$711,831, respectively.

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that total voted and un-voted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

Note 11 – Commitments

A. Contractual Commitments

At December 31, 2020, the County had contractual commitments for the following project:

	Contractual Commitment	Expended	Balance 12/31/2020
Secondary Road Improvement Motor Paving	\$ 3,124,875	\$ 0	\$ 3,124,875

B. Other Commitments

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	\$ 305,129
Public Assistance	284,893
Motor Vehicle and Gasoline Tax	35,340
Children's Services	380,103
Board of Developmental Disabilities	132,557
Other Governmental Funds	461,423
Totals	\$ 1,599,445

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Note 12 – Interfund Activity

A. Interfund Transfers

During 2020 the following transfers were made:

Transfer To	Transfers From			Total
	General	Motor Vehicle & Gas Tax	Water	
Public Assistance	68,742	0	0	68,742
Other Governmental	426,252	422,423	231,071	1,079,746
<i>Total</i>	<u>\$ 494,994</u>	<u>\$ 422,423</u>	<u>\$ 231,071</u>	<u>\$ 1,148,488</u>

Transfers were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; to move monies to the General Fund as pursuant to Ohio Revised Code 325.33; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund, the Motor Vehicle & Gas Tax Fund and the Water Fund transferred \$53,874, \$422,423 and \$231,071 respectively, to the non-major debt service funds for debt payments. Through a court order, the Court Fund transferred \$5,000 to the General Fund for wages and expenses related to courthouse security, training and case preparation. All other transfers were made from the General Fund to various other funds to provide additional resources for current operations.

B. Interfund Advances

During 2020, through a court order, the Court Fund advanced \$5,000 to the VOCA Grant Fund. This advance was repaid during the current year.

Note 13 – Fund Balances

Fund balance can be 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 governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Guernsey County, Ohio
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For the Year Ended December 31, 2020

	General	Public Assistance	Motor Vehicle and Gas Tax	Board of Developmental Disabilities	Children's Services	Other Governmental Funds	Total
Nonspendable for:							
Unclaimed Monies	\$ 145,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 145,297
Children Services	0	0	0	0	0	20,000	20,000
Total Restricted	145,297	0	0	0	0	20,000	165,297
Restricted for:							
Debt Service	0	0	0	0	0	168,998	168,998
Capital Outlay	0	0	0	0	0	6,159,850	6,159,850
Public Works	0	0	2,019,647	0	0	0	2,019,647
Human Services	0	668,004	0	0	1,414,125	0	2,082,129
Children Services	0	0	0	0	0	1,625,995	1,625,995
Health Services	0	0	0	10,483,778	0	0	10,483,778
Other Purposes	0	0	0	0	0	4,818,371	4,818,371
Total Restricted	0	668,004	2,019,647	10,483,778	1,414,125	12,773,214	27,358,768
Committed for:							
Capital Outlay	0	0	0	0	0	11,648	11,648
Severance Payments	155,000	0	0	0	0	0	155,000
Total Committed	155,000	0	0	0	0	11,648	166,648
Assigned for:							
Encumbrances:							
Legislative and Executive	176,674	0	0	0	0	0	176,674
Judicial	38,895	0	0	0	0	0	38,895
Public Safety	78,036	0	0	0	0	0	78,036
Public Works	100	0	0	0	0	0	100
Human Services	8,940	0	0	0	0	0	8,940
Capital Outlay	8,839	0	0	0	0	0	8,839
Subsequent Appropriations	294,809	0	0	0	0	0	294,809
Total Assigned	606,293	0	0	0	0	0	606,293
Unassigned	15,020,638	0	0	0	0	0	15,020,638
Total Fund Balance	\$ 15,927,228	\$ 668,004	\$ 2,019,647	\$ 10,483,778	\$ 1,414,125	\$ 12,804,862	\$ 43,317,644

Note 14 – Jointly Governed Organizations

A. Southeastern Ohio Joint Solid Waste Management District

The County is a member of the Southeastern Ohio Joint Solid Waste Management District (District) which consists of Monroe, Guernsey, Morgan, Muskingum, Noble, and Washington Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2020. No future contributions by the County are anticipated. A thirty-one member policy committee comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

Guernsey County, Ohio
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B. Guernsey-Monroe-Noble Community Action Corporation (GMN)

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. During 2020, the County made no contributions to the Guernsey-Monroe-Noble Community Action Corporation.

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

The Southeast Ohio Juvenile Rehabilitation District (SEOJRD) is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble counties. SEOJRD was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by SEOJRD. The participating entities created a Judicial Rehabilitation Board; the members of which are made up of the juvenile judges of each participating county who determine the policy.

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont County has three appointees, and Jefferson, Guernsey, Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Guernsey County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. During 2020, the County made no contributions to SEOJRD.

D. Guernsey County Family Service Council

The Guernsey County Family Service Council (Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Department of Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004", and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In 2020, the County made contributions in the amount of \$14,565 to the Council.

Guernsey County, Ohio
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E. Mental Health and Recovery Services Board

The Mental Health and Recovery Services Board (Board) is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble Counties. The Board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by an eighteen member board of trustees; two appointed by the Guernsey County Commissioners, eight appointed by the commissioners of the other participating counties, four by the director of the State Director of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control, including budgeting, appropriating, contracting, and designating management.

During 2015, Guernsey County began collecting a 1.0 mill levy approved by the voters in 2014. The Board is also supported by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board.

F. Mid-East Ohio Regional Council of Governments (MEORC)

The Mid-East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Department of Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. During 2020, the County made \$73,395 in payments to MEORC.

G. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The continued existence of OMEGA is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the OMEGA. During 2020, OMEGA received \$4,418 from the County.

Guernsey County, Ohio
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For the Year Ended December 31, 2020

H. Cambridge-Guernsey County Visitors and Convention Bureau (Bureau)

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and the Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. During 2020, the County made a contribution of \$5,366 to the Cambridge Guernsey County Visitors and Convention Bureau.

I. Area Office on Aging

The Area Office on Aging (Council) is a non-profit corporation that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. During 2020, the County made payments of \$141 to the Area Office on Aging.

J. Eastern Ohio Correctional Center (EOCC)

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2020, the EOCC received monies totaling \$10,122 from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC.

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K. South East Area Transit (SEAT)

The South East Area Transit (SEAT) was created pursuant to state statute in 1979. SEAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SEAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SEAT is limited to a ten member board comprised of seven individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, one person appointed by the Guernsey County Commissioners and one person appointed by the Mayor of Cambridge. During 2020, SEAT received \$951,508 from the County along with a contribution of \$5,580. The continued existence of SEAT is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority.

Note 15 – Related Organizations

A. Guernsey County Convention Facilities Authority

The Guernsey County Convention Facilities Authority (Authority) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of a five member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The Authority levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the Authority by state law. During 2020, the County made no contributions to the Guernsey County Convention Facilities Authority.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority (Authority) is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. During 2020, the County made no contributions to the Cambridge Metropolitan Housing Authority.

Guernsey County, Ohio
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For the Year Ended December 31, 2020

C. Guernsey County Park District

The Guernsey County Park District (District) is governed by a three member Park District Board of Commissioners appointed by the probate judge of the County. State statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the county auditor as fiscal officer of the commission. The county commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains a custodial fund for the District's operation since the County serves as fiscal agent for the District. During 2020, the County contributed \$4,000 to the District.

D. Guernsey County Airport Authority

The Guernsey Airport Authority (Authority) is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority. During 2020, the County contributed \$32,550 to the Authority.

Note 16 – Public Entity Risk Pools

A. County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 62 counties in Ohio. CORSA was formed as an Ohio not-for-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.

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

B. County Commissioners Association of Ohio Service Corporation (CCAOSC)

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants.

Guernsey County, Ohio
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The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

Note 17 – Tax Abatements

Guernsey County has entered into tax abatement agreements in order to retain or attract new industry, preserve or increase employment and revitalize the local economy. These tax abatements also affect the County's revenue stream, as they mean that the County is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. As of December 31, 2020, Guernsey County provides twenty-two tax abatements through two programs—the Community Reinvestment Area Program and the Enterprise Zone Program.

The Community Reinvestment Area Program (CRA) is a direct incentive tax exemption program benefiting property owners who renovate existing structures or construct new buildings. This program allows the County to designate areas where revitalization is encouraged. Guernsey County's CRA program has supported the development of commercial and industrial projects by exempting real property from tax, under the guidelines of the Ohio Development Services Agency. These abatements are operated under post-1994 CRA authorizing legislation. The County grants tax abatements of up to 100 percent of the property tax bill.

The Ohio Enterprise Zone Program (EZ) is an economic development tool administered by Guernsey County that provides real estate property tax exemptions to businesses making investments in the County. Enterprise zones are designated areas of land in which business can receive tax incentives in the form of tax exemptions on new investments, when the investment also includes job creation. Guernsey County's enterprise zones have been created under the certification of the Ohio Development Services Agency and contain the characteristics set forth in Chapter 5709 of the Ohio Revised Code. The County may grant real property tax abatements of up to 100 percent and may require additional commitments from recipients.

Guernsey County presents abatements singly when they meet or exceed the qualitative threshold established by the County, i.e. 10% of the total tax abated for the reporting period. All of the real estate property taxes are abated by the mechanism of reduction of assessed values.

The total real estate property tax revenue of Guernsey County is reduced in 2020 by \$591,175 and \$107,625 for the CRA and EZ programs, respectively, as a result of tax abatements. The total reduction in 2020 is \$698,800. Therefore individual abatements equal to or greater than 10% or \$69,880 are disclosed individually. All other abatements are grouped and reported by type and by government agreeing to the abatement.

Guernsey County, Ohio
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For the Year Ended December 31, 2020

Individual Abatements Granted by Guernsey County Exceeding the 10 Percent Threshold

Industry or Business	Government		Amount of Taxes Abated during 2020
	Granting Abatement	Type of Abatement	
Berkshire Industries	County	CRA	\$ 73,429
Guernsey County Port Authority/Detroit Diesel*	County	CRA/EZ	107,625
AMG Vanadium	County	CRA	97,756
Ridge Tool	County	CRA	75,570
Total			\$ 354,380

*Agreement also requires \$2,500 annual payment for the life of the abatement to the Cambridge-Guernsey County Community Improvement Corporation as part of the Enterprise Zone agreement.

Other Guernsey County Tax Abatements in Aggregate

Thirteen other abatements were granted by the County; six were industrial and seven were commercial entities. As a result, real estate property tax revenues were reduced by \$262,611 in 2020. All thirteen of the agreements were made under the Community Reinvestment Area Program. The length of reduction in tax payments ranges from ten to fifteen years, with exemptions of 100 percent.

City of Cambridge Tax Abatements in Aggregate

Under the five agreements granted by the City of Cambridge, 2020 County real estate property tax revenues were decreased by \$81,809. All abatements were agreed to under the Community Reinvestment Area Program for a period of fifteen years, allowing exemptions of 50 to 100 percent. Three are commercial and two are industrial.

Note 18 – Contingent Liabilities

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

Several claims and/or lawsuits are pending against the County. Based upon information provided by the County's legal counsel, any potential liability would not have a material effect on the financial statements.

Note 19 – Compliance

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2020

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the County received CARES Act funding. Of the amounts received, \$102,991 was spent on-behalf of other governments. These amounts are reflected as legislative and executive expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 21 – Subsequent Event

In May 2021, the United States Department of the Treasury awarded the County \$7,551,013 of funding related to the American Rescue Plan Act of 2021. Of this amount, \$3,775,507 was received on August 27, 2021.

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GUERNSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

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>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Job and Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5931	\$0	\$318,866
Total SNAP Cluster			<u>0</u>	<u>318,866</u>
Total U.S. Department of Agriculture			0	318,866
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through Ohio Development Services Agency</i>				
Community Development Block Grants - State's Programs	14.228	B-F-18-1BB-1 B-Z-18-1BB-1	0	2,000
Total Community Development Block Grants - State's Programs			<u>0</u>	<u>20,702</u>
Total U.S. Department of Housing and Urban Development			0	22,702
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through Ohio Office of Criminal Justice Services</i>				
Comprehensive Opioid Abuse Site-Based Program	16.838	2018-AR-BX-K112	0	147,736
Total Comprehensive Opioid Abuse Site-Based Program			<u>0</u>	<u>147,736</u>
Total U.S. Department of Justice			0	147,736
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed through Workforce Investment Act Area 7</i>				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	2018-7230-1 & 2020/21-7230-1	0	8,158
Total Employment Service Cluster			<u>0</u>	<u>8,158</u>
Trade Adjustment Assistance	17.245	2018-7230-1 & 2020/21-7230-1	0	1,461
WIOA Cluster:				
WIOA Adult Program	17.258	2018-7230-1 & 2020/21-7230-1	0	214,129
WIOA Youth Program	17.259	2018-7230-1 & 2020/21-7230-1	57,933	135,402
WIOA Dislocated Worker Formula Grants	17.278	2018-7230-1 & 2020/21-7230-1	0	189,991
Total WIOA Cluster			57,933	539,522
WIA National Emergency Grants	17.277	2018-7230-1 & 2020/21-7230-1	12,948	12,948
Hurricanes and Wildfires of 2017 Supplemental - National Dislocated Worker Grants	17.286	2018-7230-1 & 2020/21-7230-1	326,373	326,373
Total U.S. Department of Labor			397,254	888,462
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction - Co Eng.	20.205	PID 110515	0	21,870
Total Highway Planning and Construction Cluster			<u>0</u>	<u>21,870</u>
Total U.S. Department of Transportation			0	21,870
<u>U.S. DEPARTMENT OF TREASURY</u>				
<i>Passed through Office of Budget and Management</i>				
Coronavirus Relief Fund	21.019	HB 481-CRF-Local	0	2,786,806
<i>Passed through The Supreme Court of Ohio</i>				
Coronavirus Relief Fund	21.019	20-RTG-0100	0	124,320
Total U.S. Department of Treasury			0	2,911,126

GUERNSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed through Ohio Department of Developmental Disabilities</i>				
Special Education - Grants for Infants and Families	84.181	H181A190024	14,841	14,841
Total U.S. Department of Education			14,841	14,841
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>				
<i>Passed through Ohio Secretary of State</i>				
HAVA Election Security Grant	90.404	2019	0	44,075
Total HAVA Election Security Grant		2020	0	33,330
Total U.S. Election Assistance Commission			0	77,405
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through Ohio Dept of Developmental Disabilities</i>				
Social Services Block Grant	93.667	2001OHSOSR	0	22,808
<i>Passed through Ohio Dept of Job and Family Services</i>				
Social Services Block Grant	93.667	G-2021-11-5932	0	52,974
		G-2021-11-5931	0	685,927
Total Social Services Block Grant			0	761,709
Medicaid Cluster:				
<i>Passed through Ohio Dept of Developmental Disabilities</i>				
Medical Assistance Program	93.778	2005OH5ADM	0	88,944
		21050H5ADM	0	26,894
<i>Passed through Ohio Dept of Job and Family Services</i>				
Medical Assistance Program	93.778	G-2021-11-5932	0	941
		G-2021-11-5931	0	1,002,956
Total Medicaid Cluster			0	1,119,735
<i>Passed through Ohio Dept of Job and Family Services</i>				
Promoting Safe and Stable Families	93.556	5AU-20-C0030 & 5AU-21-C0030	2,585	2,585
Promoting Safe and Stable Families		G-2021-11-5932	0	44,404
Total Promoting Safe and Stable Families			2,585	46,989
Temporary Assistance for Needy Families	93.558	G-2021-11-5932	0	5,634
		G-2021-11-5931	125,155	1,804,958
Total Temporary Assistance for Needy Families			125,155	1,810,592
Child Support Enforcement	93.563	G-2021-11-5931	0	1,261,715
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-2021-11-5931	0	59,628
TOTAL CCDF Cluster			0	59,628
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-20-C0030 & 5AU-21-C0030	2,574	2,574
		G-2021-11-5932	0	102,445
Total Stephanie Tubbs Jones Child Welfare Services Program			2,574	105,019
Foster Care Title IV-E	93.658	G-2021-11-5932	0	1,670,325
		G 2021-06-0057	0	5,290
Total Foster Care Title IV-E			0	1,675,615
Adoption Assistance	93.659	G-2021-11-5932	0	378,606
Chafee Foster Care Independence Program	93.674	G-2021-11-5932	0	12,892
Children's Health Insurance Program	93.767	G-2021-11-5931	0	26,378
Total U.S. Department of Health and Human Services			130,314	7,258,878

GUERNSEY COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (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 HOMELAND SECURITY				
<i>Passed through Ohio Emergency Management Agency</i>				
Disaster Grants Public Assistance Grant Program	97.036	FEMA-DR-4424-OH	0	186,005
Emergency Management Performance Grant	97.042	EMC-2019-EP-00005-S01	0	26,387
		EMC-2018-EP-00008-S01	0	35,639
Total Emergency Management Performance Grants - EMA			0	62,026
Total U.S. Department of Homeland Security			0	248,031
Total Expenditures of Federal Awards			<u>\$542,409</u>	<u>\$11,909,917</u>

The accompanying notes are an integral part of this Schedule.

GUERNSEY COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

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

The County passes certain federal awards received from the U.S. Department of Health and Human Services, U.S. Department of Education and U.S. Department of Labor to other governments or not-for-profit agencies (sub-recipients). As Note B describes, the County reports expenditures of Federal awards to sub-recipients, when paid in cash.

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

NOTE E – 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.

OHIO AUDITOR OF STATE KEITH FABER



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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 24, 2021, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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 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 statements. 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

County's Response to Findings

The County's response to the findings identified in our audit described in the accompanying Corrective Action Plan. We did not subject the County's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

November 24, 2021



**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**

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Guernsey County's, Ohio (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 Guernsey County's major federal programs for the year ended December 31, 2020. 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 programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for the County's major federal programs 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.

Basis for Qualified Opinion on Foster Care Title IV-E and Adoption Assistance

As described in finding 2020-002 in the accompanying Schedule of Findings, the County did not comply with requirements regarding activities allowed or unallowed and allowable costs/cost principles applicable to its CFDA # 93.658 Foster Care Title IV-E and CFDA # 93.659 Adoption Assistance major federal programs. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

Qualified Opinion on Foster Care Title IV-E and Adoption Assistance

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Foster Care Title IV-E and Adoption Assistance* paragraph, Guernsey County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Foster Care Title IV-E and Adoption Assistance major federal programs for the year ended December 31, 2020.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, Guernsey County complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2020.

Other Matters

The County's response to our noncompliance finding is described in the accompanying Corrective Action Plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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's 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 a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2020-002.

The County's response to the internal control over compliance finding is described in the accompanying Corrective Action Plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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



Keith Faber
Auditor of State
Columbus, Ohio

November 24, 2021

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GUERNSEY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material 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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(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 for Coronavirus Relief Fund and Social Services Block Grant Qualified for Foster Care Title IV-E and Adoption Assistance
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): Coronavirus Relief Fund, CFDA # 21.019; Foster Care Title IV-E, CFDA # 93.658; Adoption Assistance, CFDA # 93.659; Social Services Block Grant, CFDA # 93.667	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

GUERNSEY COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

(Continued)

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

FINDING NUMBER 2020-001

Noncompliance

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

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

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. In addition, the County did not include the activity of component units in its annual financial report pursuant to Governmental Accounting Standards Board Codification (GASB) Section 2100. The financial statements and note disclosures of the Guernsey County Port Authority and Guernsey County Land Reutilization Corporation were excluded as they were immaterial and prepared on a different financial reporting framework than the County.

Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Foster Care and Adoption Assistance Random Moment Sampling

Finding Number:	2020-002
CFDA Number and Title:	CFDA #93.658 - Foster Care-Title IV-E CFDA #93.659 - Adoption Assistance
Federal Award Identification Number / Year:	G-2021-11-5932
Federal Agency:	U.S. Department of Health and Human Services
Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Pass-Through Entity:	Ohio Department of Jobs and Family Services
Repeat Finding from Prior Audit?	No

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2020-002 (Continued)

Noncompliance and Material Weakness

45 C.F.R. § 75.405 (a) states, in part, a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with the relative benefits received. In order for a cost to be allocable, it must benefit both the Federal award and other work of the non-Federal entity and be distributed in proportions that may be approximated using reasonable methods.

In addition, Ohio Admin. Code 5101:9-7-20(E) outlines the procedures to be utilized for random moment sampling time studies (RMS) designed to measure activity regarding various Federal programs passed through the Ohio Department of Job and Family Services including those administered through the public children services agency. These procedures include an employee completing the required comments section, within WebRMS, with comments that demonstrate that the selected program and activity codes supporting the work performed by the assigned position at the time of the observation and ensuring adequate backup documentation is available to verify the activity being performed. Ohio Admin. Code 5101:9-7-23(K) indicates that the CSEA shall retain documentation in accordance with the records retention requirements in rule 5101:9-9-21 of the Administrative Code.

We noted four instances out of 25 or 16 percent of the RMS hits tested did not agree to the SACWIS documentation or there was no documentation in the SACWIS system provided to support the activities of the employee for the code charged. Failure to maintain support for these activities could cause incorrect charges to federal programs.

We recommend Guernsey County Children Services provide a review to employees of federal requirements and documentation and develop a plan to reduce discrepancies between RMS and SACWIS.

Officials' Response: See Corrective Action Plan.

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Guernsey County Auditor's Office

Tony Brown, Auditor

627 Wheeling Avenue, Suite 301

Cambridge, Ohio 43725

Phone (740) 432-9243 Fax (740) 439-6265

Guernsey County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	A non-compliance citation for not filing the annual report in accordance with generally accepted auditing principles. Finding initially occurred in 2004.	Not Corrected	Re-issued in current year as Finding 2020-001

"Guernsey County - A rich heritage building a better tomorrow"

Guernsey County Auditor's Office

Tony Brown, Auditor

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2020

Finding Number: 2020-001
Planned Corrective Action: County will continue to monitor the benefit compared to the cost of filing on a GAAP basis.
Anticipated Completion Date: 12/31/2021
Responsible Contact Person: County Auditor, Tony Brown

Finding Number: 2020-002
Planned Corrective Action: Guernsey County Children Services plan to review with employees the federal requirements and documentation, and to reduce discrepancies between RMA and SACWIS, is as follows:

1. Agency will do an all staff training on RMS using a PowerPoint presentation that reviews the proper coding designations and the importance of responding to the RMS in SACWIS. The training will impress the urgency of entering comments that clearly support the program and activity chosen. Staff engagement depends largely on their understanding of why RMS are sent. Informing staff of RMS affecting our receiving of federal reimbursement for administrative costs, being part of our cost allocation plan, and impacting the federally approved method for measuring time and effort spent on program activities so employees get paid.
2. Agency will train the RMS supervisor to view the RMS and ensure proper documentation matches the RMS hit. Supporting documentation is crucial and will be an additional focus heading into 2022 for staff that are in the random employee pool.

Anticipated Completion Date: 01/31/22
Responsible Contact Person: Child. Serv. Executive Director, Nicole Caldwell

OHIO AUDITOR OF STATE KEITH FABER



GUERNSEY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/7/2021

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