

MADISON COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 19, 2021

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MADISON COUNTY

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Independent Auditor's Report

Madison County
1 North Main Street
London, Ohio 43140

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Basis of Accounting

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

Emphasis of Matter

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Madison County. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021, on our consideration of Madison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 14, 2021

MADISON COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 27,740,426	\$ 1,546,713	\$ 29,287,139
Cash in segregated accounts	-	23,544	23,544
Total assets.	<u>27,740,426</u>	<u>1,570,257</u>	<u>29,310,683</u>
Net position:			
Restricted for:			
Capital projects	872,455	-	872,455
Debt service.	481,287	-	481,287
General government	4,948,865	-	4,948,865
Public safety programs	3,001,795	-	3,001,795
Public works projects	1,139,603	-	1,139,603
Health services	2,268,193	-	2,268,193
Human services programs.	2,248,570	-	2,248,570
Coronavirus relief	1,777,545	-	1,777,545
Permanent fund			
Expendable	4,159	-	4,159
Nonexpendable	50,000	-	50,000
Other purposes	257,565	-	257,565
Unrestricted	<u>10,690,389</u>	<u>1,570,257</u>	<u>12,260,646</u>
Total net position.	<u>\$ 27,740,426</u>	<u>\$ 1,570,257</u>	<u>\$ 29,310,683</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 7,784,748	\$ 2,227,480	\$ 2,190,453	\$ -
Judicial	4,075,466	1,365,848	117,947	-
Public safety	5,075,088	1,518,546	426,363	-
Public works	6,602,543	822,034	6,614,914	-
Health	4,016,720	393,737	1,678,905	-
Human services	5,673,497	188,544	4,182,788	-
Conservation and recreation	409,600	77,025	-	-
Other	454	-	-	-
Capital outlay	3,126,176	410,876	-	970,000
Debt service:				
Interest and fiscal charges	6,454	61,467	-	-
Total governmental activities	<u>36,770,746</u>	<u>7,065,557</u>	<u>15,211,370</u>	<u>970,000</u>
Business-type activities:				
Airport operations	283,022	322,004	-	54,680
Water treatment	728,386	682,218	-	-
Wastewater treatment	3,432,006	3,152,443	-	-
Total business-type activities	<u>4,443,414</u>	<u>4,156,665</u>	<u>-</u>	<u>54,680</u>
Total primary government	<u>\$ 41,214,160</u>	<u>\$ 11,222,222</u>	<u>\$ 15,211,370</u>	<u>\$ 1,024,680</u>

General cash receipts, advances and transfers:

Property taxes levied for:	
General purposes	
Developmental disabilities human services	
911 operations	
Sales taxes	
Grants and entitlements not restricted to specific programs	
Investment receipts	
Miscellaneous	
Total general cash receipts	
Advances	
Transfers	
Total general cash receipts, advances and transfers	
Change in net position	
Net position at beginning of year	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,366,815)	\$ -	\$ (3,366,815)
(2,591,671)	-	(2,591,671)
(3,130,179)	-	(3,130,179)
834,405	-	834,405
(1,944,078)	-	(1,944,078)
(1,302,165)	-	(1,302,165)
(332,575)	-	(332,575)
(454)	-	(454)
(1,745,300)	-	(1,745,300)
55,013	-	55,013
<u>(13,523,819)</u>	<u>-</u>	<u>(13,523,819)</u>
-	93,662	93,662
-	(46,168)	(46,168)
-	(279,563)	(279,563)
<u>-</u>	<u>(232,069)</u>	<u>(232,069)</u>
<u>(13,523,819)</u>	<u>(232,069)</u>	<u>(13,755,888)</u>
3,636,177	-	3,636,177
2,389,281	-	2,389,281
1,198,474	-	1,198,474
8,776,626	-	8,776,626
1,417,956	-	1,417,956
136,844	-	136,844
966,536	-	966,536
18,521,894	-	18,521,894
58,111	(58,111)	-
(357,688)	357,688	-
<u>18,222,317</u>	<u>299,577</u>	<u>18,521,894</u>
4,698,498	67,508	4,766,006
23,041,928	1,502,749	24,544,677
<u>\$ 27,740,426</u>	<u>\$ 1,570,257</u>	<u>\$ 29,310,683</u>

MADISON COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General</u>	<u>Motor Vehicle Gasoline Tax</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 10,171,880	\$ 927,149	\$ 2,093,871	\$ 14,547,526	\$ 27,740,426
Total assets	<u>\$ 10,171,880</u>	<u>\$ 927,149</u>	<u>\$ 2,093,871</u>	<u>\$ 14,547,526</u>	<u>\$ 27,740,426</u>
Fund cash balances:					
Nonspendable.	\$ 299,492	\$ -	\$ -	\$ 50,000	\$ 349,492
Restricted	-	927,149	2,093,871	13,979,017	17,000,037
Committed.	-	-	-	518,509	518,509
Assigned.	156,957	-	-	-	156,957
Unassigned.	<u>9,715,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,715,431</u>
Total fund cash balances	<u>\$ 10,171,880</u>	<u>\$ 927,149</u>	<u>\$ 2,093,871</u>	<u>\$ 14,547,526</u>	<u>\$ 27,740,426</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Motor Vehicle Gasoline Tax	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Cash receipts:					
Property taxes	\$ 3,636,177	\$ -	\$ 2,389,281	\$ 1,198,474	\$ 7,223,932
Sales taxes.	8,776,626	-	-	-	8,776,626
Charges for services.	2,118,307	676,864	274,859	1,552,775	4,622,805
Licenses and permits	2,381	-	-	365,159	367,540
Fines and forfeitures	392,289	105,360	-	723,293	1,220,942
Intergovernmental.	1,417,956	5,800,838	1,658,626	8,721,906	17,599,326
Special assessments	-	-	-	360,157	360,157
Investment income	134,498	2,263	-	899	137,660
Rental income.	431,830	-	-	61,467	493,297
Reimbursements.	1,805	-	-	-	1,805
Other	879,462	-	37,491	47,778	964,731
Total cash receipts.	<u>17,791,331</u>	<u>6,585,325</u>	<u>4,360,257</u>	<u>13,031,908</u>	<u>41,768,821</u>
Cash disbursements:					
Current:					
General government:					
Legislative and executive.	6,086,401	-	-	1,698,347	7,784,748
Judicial	3,788,094	-	-	287,372	4,075,466
Public safety	3,020,248	-	-	2,054,840	5,075,088
Public works	211,698	5,606,515	-	784,330	6,602,543
Health	55,783	-	3,816,858	144,079	4,016,720
Human services	385,394	-	-	5,288,103	5,673,497
Conservation and recreation.	409,600	-	-	-	409,600
Other	454	-	-	-	454
Capital outlay	-	811,144	162,479	2,152,553	3,126,176
Debt service:					
Interest and fiscal charges	-	-	-	6,454	6,454
Total cash disbursements	<u>13,957,672</u>	<u>6,417,659</u>	<u>3,979,337</u>	<u>12,416,078</u>	<u>36,770,746</u>
Excess of cash receipts over cash disbursements	<u>3,833,659</u>	<u>167,666</u>	<u>380,920</u>	<u>615,830</u>	<u>4,998,075</u>
Other financing sources (uses):					
Advances in	172,210	-	-	113,136	285,346
Advances out	(96,825)	-	-	(130,410)	(227,235)
Transfers in	-	-	3,086	1,318,394	1,321,480
Transfers out	(1,501,815)	(130,353)	-	(47,000)	(1,679,168)
Total other financing sources (uses).	<u>(1,426,430)</u>	<u>(130,353)</u>	<u>3,086</u>	<u>1,254,120</u>	<u>(299,577)</u>
Net change in fund balance - cash basis	2,407,229	37,313	384,006	1,869,950	4,698,498
Fund balance - cash basis, January 1	<u>7,764,651</u>	<u>889,836</u>	<u>1,709,865</u>	<u>12,677,576</u>	<u>23,041,928</u>
Fund balance - cash basis, December 31	<u>\$ 10,171,880</u>	<u>\$ 927,149</u>	<u>\$ 2,093,871</u>	<u>\$ 14,547,526</u>	<u>\$ 27,740,426</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Budgetary basis receipts:				
Property taxes	\$ 3,458,426	\$ 3,636,600	\$ 3,636,177	\$ (423)
Sales taxes	7,665,449	8,060,363	8,776,626	716,263
Charges for services	2,018,954	2,122,968	1,761,748	(361,220)
Licenses and permits.	2,102	2,210	2,381	171
Fines and forfeitures.	483,586	508,500	392,289	(116,211)
Intergovernmental	1,684,706	1,771,500	1,417,956	(353,544)
Investment income	404,177	425,000	134,498	(290,502)
Rental income	400,707	421,351	431,830	10,479
Reimbursements.	2,663	2,800	1,805	(995)
Other	411,150	432,332	881,868	449,536
Total budgetary basis receipts	<u>16,531,920</u>	<u>17,383,624</u>	<u>17,437,178</u>	<u>53,554</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	5,509,540	6,781,283	6,006,190	775,093
Judicial.	3,405,108	4,191,093	3,819,830	371,263
Public safety	2,755,987	3,392,139	3,020,248	371,891
Public works	210,177	258,691	221,163	37,528
Health	78,623	96,771	58,192	38,579
Human services	293,904	361,744	385,394	(23,650)
Conservation and recreation	222,687	274,089	409,600	(135,511)
Total budgetary basis disbursements.	<u>12,476,026</u>	<u>15,355,810</u>	<u>13,920,617</u>	<u>1,435,193</u>
Excess of budgetary basis receipts over budgetary basis disbursements.	<u>4,055,894</u>	<u>2,027,814</u>	<u>3,516,561</u>	<u>1,488,747</u>
Other financing sources (uses):				
Transfers out.	(5,331,429)	(6,562,058)	(6,501,815)	60,243
Advances in	660,673	694,710	272,210	(422,500)
Advances out	(324,985)	(400,000)	(96,825)	303,175
Total other financing sources (uses).	<u>(4,995,741)</u>	<u>(6,267,348)</u>	<u>(6,326,430)</u>	<u>(59,082)</u>
Net change in fund balance - cash basis	(939,847)	(4,239,534)	(2,809,869)	1,429,665
Fund balance, January 1	<u>5,761,607</u>	<u>5,761,607</u>	<u>5,761,607</u>	<u>-</u>
Prior year encumbrances appropriated	<u>364,312</u>	<u>364,312</u>	<u>364,312</u>	<u>-</u>
Fund balance, December 31	<u>\$ 5,186,072</u>	<u>\$ 1,886,385</u>	<u>\$ 3,316,050</u>	<u>\$ 1,429,665</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
MOTOR VEHICLE GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Charges for services	\$ 980,944	\$ 982,904	\$ 676,864	(306,040)
Fines and forfeitures	105,150	105,360	105,360	-
Intergovernmental	6,326,823	6,339,465	5,800,838	(538,627)
Investment income	6,487	6,500	2,263	(4,237)
Total budgetary basis receipts	<u>7,419,404</u>	<u>7,434,229</u>	<u>6,585,325</u>	<u>(848,904)</u>
Budgetary basis disbursements:				
Current:				
Public works	6,766,157	6,844,104	5,606,515	1,237,589
Capital outlay	867,570	877,564	811,144	66,420
Total budgetary basis disbursements	<u>7,633,727</u>	<u>7,721,668</u>	<u>6,417,659</u>	<u>1,304,009</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(214,323)</u>	<u>(287,439)</u>	<u>167,666</u>	<u>455,105</u>
Other financing uses :				
Transfers out	<u>(91,955)</u>	<u>(93,014)</u>	<u>(130,353)</u>	<u>(37,339)</u>
Total other financing uses	<u>(91,955)</u>	<u>(93,014)</u>	<u>(130,353)</u>	<u>(37,339)</u>
Net change in fund balance - cash basis	(306,278)	(380,453)	37,313	417,766
Fund balance, January 1	870,558	870,558	870,558	-
Prior year encumbrances appropriated	<u>19,278</u>	<u>19,278</u>	<u>19,278</u>	<u>-</u>
Fund balance, December 31	<u>\$ 583,558</u>	<u>\$ 509,383</u>	<u>\$ 927,149</u>	<u>\$ 417,766</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 BOARD OF DEVELOPMENTAL DISABILITIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 2,293,666	\$ 2,389,281	\$ 2,389,281	\$ -
Charges for services.	337,914	352,000	274,859	(77,141)
Intergovernmental.	1,677,525	1,747,454	1,658,626	(88,828)
Other	214,295	223,228	37,491	(185,737)
Total budgetary basis receipts	<u>4,523,400</u>	<u>4,711,963</u>	<u>4,360,257</u>	<u>(351,706)</u>
Budgetary basis disbursements:				
Current:				
Health	5,804,188	5,405,305	3,852,552	1,552,753
Capital outlay.	375,828	350,000	162,479	187,521
Total budgetary basis disbursements	<u>6,180,016</u>	<u>5,755,305</u>	<u>4,015,031</u>	<u>1,740,274</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(1,656,616)</u>	<u>(1,043,342)</u>	<u>345,226</u>	<u>1,388,568</u>
Other financing sources:				
Transfers in	9,600	10,000	3,086	(6,914)
Total other financing sources.	<u>9,600</u>	<u>10,000</u>	<u>3,086</u>	<u>(6,914)</u>
Net change in fund balance - cash basis	(1,647,016)	(1,033,342)	348,312	1,381,654
Fund balance, January 1	1,138,597	1,138,597	1,138,597	-
Prior year encumbrances appropriated	<u>571,268</u>	<u>571,268</u>	<u>571,268</u>	<u>-</u>
Fund balance, December 31	<u>\$ 62,849</u>	<u>\$ 676,523</u>	<u>\$ 2,058,177</u>	<u>\$ 1,381,654</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			Total
	Airport Authority Fund	Sewer Fund	Nonmajor Enterprise Funds	
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 120,136	\$ 815,318	\$ 611,259	\$ 1,546,713
Cash in segregated accounts	23,544	-	-	23,544
Total assets.	<u>143,680</u>	<u>815,318</u>	<u>611,259</u>	<u>1,570,257</u>
Net position:				
Unrestricted	<u>143,680</u>	<u>815,318</u>	<u>611,259</u>	<u>1,570,257</u>
Total net position.	<u>\$ 143,680</u>	<u>\$ 815,318</u>	<u>\$ 611,259</u>	<u>\$ 1,570,257</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds			Total
	Airport Authority Fund	Sewer Fund	Nonmajor Enterprise Funds	
Operating receipts:				
Charges for services	\$ 164,014	\$ 2,333,221	\$ 698,566	\$ 3,195,801
Other	157,990	12,333	253,510	423,833
Total operating receipts.	<u>322,004</u>	<u>2,345,554</u>	<u>952,076</u>	<u>3,619,634</u>
Operating disbursements:				
Personal services	81,130	267,123	377,233	725,486
Contract services	161,121	1,715,854	169,296	2,046,271
Materials and supplies	2,855	37,868	221,278	262,001
Capital outlay.	25,295	272,173	582,892	880,360
Other	11,805	6,720	5,858	24,383
Total operating disbursements.	<u>282,206</u>	<u>2,299,738</u>	<u>1,356,557</u>	<u>3,938,501</u>
Operating receipts over (under) operating disbursements	<u>39,798</u>	<u>45,816</u>	<u>(404,481)</u>	<u>(318,867)</u>
Nonoperating receipts (disbursements):				
Debt service:				
Principal retirement	-	(319,043)	(2,277)	(321,320)
Interest and fiscal charges.	(816)	(169,442)	(13,335)	(183,593)
Intergovernmental receipts	54,680	-	-	54,680
Special assessments	-	537,031	-	537,031
Total nonoperating receipts (disbursements)	<u>53,864</u>	<u>48,546</u>	<u>(15,612)</u>	<u>86,798</u>
Net receipts over (under) disbursements before advances and transfers	<u>93,662</u>	<u>94,362</u>	<u>(420,093)</u>	<u>(232,069)</u>
Transfers in.	-	-	357,688	357,688
Advances out	(16,311)	-	(41,800)	(58,111)
Total advances and transfers	<u>(16,311)</u>	<u>-</u>	<u>315,888</u>	<u>299,577</u>
Change in net position.	77,351	94,362	(104,205)	67,508
Net position at beginning of year	<u>66,329</u>	<u>720,956</u>	<u>715,464</u>	<u>1,502,749</u>
Net position at end of year	<u>\$ 143,680</u>	<u>\$ 815,318</u>	<u>\$ 611,259</u>	<u>\$ 1,570,257</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2020

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,358,838
Cash in segregated accounts	<u>736,076</u>
Total assets	<u>6,094,914</u>
Net position:	
Restricted for individuals, organizations and other governments .	<u>6,094,914</u>
Total net position	<u><u>\$ 6,094,914</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial
Additions:	
Intergovernmental	\$ 6,500,536
Amounts received as fiscal agent	6,203,977
Licenses, permits and fees for other governments	9,496,475
Fines and forfeitures for other governments	2,349,571
Property tax collections for other governments	48,159,573
Sheriff sales collections for others	37,914
Other custodial fund collections	25,111
Total additions	72,773,157
Deductions:	
Distributions to the State of Ohio	231,847
Distributions of state funds to other governments	4,140,602
Distributions of federal funds to other governments	2,359,889
Distributions as fiscal agent	5,624,453
Licenses, permits and fees distributions to other governments	9,227,092
Fines and forfeitures distributions to other governments	2,316,086
Property tax distributions to other governments	47,821,500
Sheriff sales distributions to other governments	30,412
Other custodial fund distributions	26,571
Total deductions	71,778,452
Net change in fiduciary net position	994,705
Net position beginning of year	5,100,209
Net position end of year	\$ 6,094,914

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - REPORTING ENTITY

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

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

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

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

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

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or responsible to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. For the year ended December 31, 2020, the County reported one component unit.

Blended Component Unit

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

Separate Agencies

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

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

MADISON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - REPORTING ENTITY - (Continued)

Other Organizations

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

The Tri-County Corrections Board is a joint venture for the establishment of a central jail facility for the use of Champaign, Madison and Union Counties. The operation of the jail is controlled by a joint board whose membership consists of the sheriff, one judge, and one commissioner from each of the participating counties. Each County's ability to influence the operations of the jail is limited to their representation on the board. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. The County has an ongoing financial responsibility for this entity and, in 2020 contributed \$1,738,570 toward the operation of this facility. Champaign County has been appointed the fiscal agent for the joint venture. Complete financial statements of the joint venture may be obtained from the Champaign County Auditor, 1512 S Hwy 68, Suite B300, Urbana, Ohio 43078.

The Central Ohio Youth Center, formerly the Five-County Joint Juvenile Detention and Rehabilitation Center, is a jointly governed organization involving Union, Champaign, Delaware, and Madison Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees from the host County, Union, and one each from Champaign, Delaware and Madison Counties. Each County's ability to influence the operations of the Center is limited to their representation on the Board of Trustees. Appropriations are adopted by the joint Board of Trustees who exercise control over the operation, maintenance, and construction of the Center. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. In 2020, the County's share of operating costs was \$0. Union County serves as the fiscal agent.

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

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

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

B. Basis of Accounting

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

C. Fund Accounting

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

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

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

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

Board of Developmental Disabilities Fund - The Board of Developmental Disabilities Fund is a major special revenue fund that accounts for various federal and state grants and a property tax levy used to provide assistance and training to developmentally disabled individuals.

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

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

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

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

D. Cash Receipts-Exchange and Non-Exchange Transactions

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

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

E. Cash Disbursements

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

F. Budgetary Process

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

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

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

G. Property, Plant and Equipment

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

H. Unpaid Vacation, Personal and Sick Leave

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

I. Long-term Obligations

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

J. Net Position

Net position represents the cash and cash equivalent balances of the County at year-end. Net position consists of cash receipts reduced by cash disbursements for the current year. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted for other purposes is comprised of net position restricted for grants. The County applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available. None of the County's restricted net position of \$17,050,037 is restricted by enabling legislation.

K. Cash and Cash Equivalents

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

During 2020, investments were limited to Somerford Township Securities, Madison County Agricultural Society Securities, and City of London Securities. All investments are reported at cost and are considered part of the cash management pool.

All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For 2020, interest receipts amounted to \$137,660, of which \$134,498 was recorded in the General Fund, \$2,263 was recorded in the Motor Vehicle Gasoline Tax Fund, \$816 in the Permanent Improvement Fund (a nonmajor governmental fund), and \$83 in the Board of Elections grant fund (a nonmajor governmental fund).

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

L. Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for wastewater treatment, water treatment, and airport activities. Operating cash disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the funds. Cash receipts and disbursements not meeting these definitions are reported as non-operating.

M. Fund Balance

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

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

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

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

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

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

N. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating cash receipts/disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. Transfers between governmental activities and business-type activities are shown the same manner as general receipts.

O. Interfund Receivables/Payables

The County reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Advances between governmental and business-type activities are shown in the same manner as general receipts.

P. 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.

Q. Budget Stabilization

The County has established a Budget Stabilization Fund in accordance with a Resolution passed by the Board of County Commissioners. Additions to the fund can only be made by a Resolution of the Board. Disbursements from the fund can be made to offset future budget deficits or other disbursements approved by the Board. At December 31, 2020 the balance in the Budget Stabilization Fund was \$5,000,000 which is included in the unassigned classification of fund cash balance in the General Fund and unrestricted net position of the governmental activities.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the County has implemented GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed. The following pronouncement is postponed by one year and the County has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The following pronouncements are postponed by eighteen months and the County has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Compliance

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

Ohio Revised Code Section 5705.13 provides a taxing authority to establish reserve balance accounts to stabilize budgets against cyclical changes. The amount of money to be reserved in such an account in any fiscal year shall not exceed five percent of the revenue credited in the preceding fiscal year to the fund in which the account is established, or, in the case of a reserve balance account of a county or of a township, the greater of that amount or one-sixth of the expenditures during the preceding fiscal year from the fund in which the account is established. The County transferred \$5,000,000 to their Budget Stabilization Fund in 2020. This amount exceeded five percent of General Fund revenue in 2019 and one-sixth of General Fund expenditures during 2019.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Statutes require the classification of money held by the County into two categories. Active monies mean the amount of public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be held either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Monies held by the County that are not considered active are classified as inactive. Inactive monies may be invested or deposited in the following securities:

1. United States Treasury bills, notes, or other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States Treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No load money market mutual funds;

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Certain bankers' acceptance (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and,
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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

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

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

Deposits: Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, certain County financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

The County's carrying value and bank balance was \$35,187,290 and \$37,971,884, respectively, at December 31, 2020. The entire bank balance was either covered by FDIC or collateralized in accordance with the provisions identified in the preceding paragraph.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

	<i>Investment Balance</i>	Maturity	
		<i><1 year</i>	<i>>1 year</i>
Somerford Township Securities	\$ 148,400	\$ 148,400	\$ 0
City of London Securities	46,800	23,100	23,700
Fairground Improvement Securities	23,107	7,494	15,613

In 2016, Somerford Township authorized the issuance and sale of \$700,000 Fire/EMS Building Improvement Bonds Series 2016 for the purpose of financing a portion of the costs of improving the Fire and EMS Building. The County of Madison, Ohio purchased such bonds upon the terms set forth under the proposal. The bond principal shall be payable in annual installments every September 1 commencing on September 1, 2017 and ending on September 1, 2021. The bonds bear interest at the rate of 3.00% per annum.

In 2017, the City of London authorized the issuance and sale of \$112,000 Equipment Acquisition Bonds for the purpose of paying the cost of acquiring a new skid steer and wheel loader. The County of Madison, Ohio purchased such bonds upon the terms set forth in such proposal. The bond principal shall be payable in annual installments every June 1st, commencing on June 1, 2018 and ending on June 1, 2022. The bonds bear interest at the rate of 3.00% per annum.

In 2018, the Madison County Agricultural Society authorized the issuance and sale of \$37,500 Fairground Improvement Bonds Series 2018 for the purpose of financing improvements to the county fairgrounds. The County of Madison, Ohio purchased such bonds upon the terms set forth under the proposal. The bond principal shall be payable in annual installments every March 1 commencing on March 1, 2019 and ending on March 1, 2023. The bonds bear interest at the rate of 2.75% per annum.

The County has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2020. All of the County's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits their investments to those authorized by State statute. The Somerford Township, City of London, and Madison County Agricultural Society securities are unrated.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy allows investments in Repurchase Agreements, Certificates of Deposit or within financial institutions with the State of Ohio as designated by the Federal Reserve Board and other investments permitted by the Ohio Revised Code. The County's investment in Somerford Township Securities was 67.98%, Madison County Agricultural Society Securities was 10.58%, and City of London Securities was 21.44%.

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 35,187,290
Investments	<u>218,307</u>
Total	<u>\$ 35,405,597</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 27,740,426
Business-type activities	1,570,257
Custodial funds	<u>6,094,914</u>
Total	<u>\$ 35,405,597</u>

NOTE 5 - DEBT OBLIGATIONS

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

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due in</u> <u>One Year</u>
Business-Type Activities Debt					
<i>Direct Borrowings/Direct Placements:</i>					
OWDA loans					
Choctaw Lake Sewer					
Construction- 4.4%	\$ 4,288,760	\$ -	\$ (310,688)	\$ 3,978,072	\$ 324,509
Camp Wissalohican Sewer					
Construction- 6.41%	<u>42,800</u>	-	<u>(4,606)</u>	<u>38,194</u>	<u>4,906</u>
Total OWDA Loans	4,331,560	-	(315,294)	4,016,266	329,415
Choctaw Lake Sewer					
Construction OPWC-0%	<u>72,306</u>	-	<u>(6,026)</u>	<u>66,280</u>	<u>12,051</u>
Total Business-Type Activities Debt	<u>\$ 4,403,866</u>	<u>\$ -</u>	<u>\$ (321,320)</u>	<u>\$ 4,082,546</u>	<u>\$ 341,466</u>

The OWDA loans from direct borrowings was issued by the Ohio Water Development Authority for construction of sewer districts in the Camp Wissalohican subdivision and the Choctaw Lake subdivision. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default. The County has pledged future customer revenues, net of specified operating expenses, to repay this debt. The loans are payable through their final maturities solely from net revenues applicable to these funds. Total principal and interest remaining to be paid on these loans is \$4,016,266 and \$898,475, respectively. Principal and interest on the loans are paid from the Camp Wissalohican water fund, Camp Wissalohican sewer fund, Choctaw Lake sewer fund, and the I70/42 sewer usage fund.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - DEBT OBLIGATIONS - (Continued)

The OPWC loan from direct borrowings was issued by the Ohio Public Works Commission for construction of the Choctaw Lake Sewer District. In the event of default, the OPWC may charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, or at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

This loan is interest-free. User fees charged to residents of this District are used to pay this debt. Principal and interest on loans are paid from the Camp Wissalohican sewer fund and the I70/42 sewer usage fund.

Annual debt service requirements to maturity for debt for directly borrowed business-type activities, including interest are as follows:

Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 341,466	\$ 157,402	\$ 498,868
2022	356,221	144,070	500,291
2023	371,638	130,151	501,789
2024	387,750	115,607	503,357
2025	404,585	100,414	504,999
2026 - 2030	<u>2,220,886</u>	<u>250,831</u>	<u>2,471,717</u>
Total	<u>\$ 4,082,546</u>	<u>\$ 898,475</u>	<u>\$ 4,981,021</u>

In 2003, the Madison County Airport Authority entered into a loan agreement with the Madison County Board of Commissioners. The \$292,000 loan was for the renovation of the airport hangar and is considered a direct borrowing. The loan is for 16 years at 5% interest. The monthly payment for this loan is \$2,345 which includes interest and principal. The principal and interest paid in 2020 was \$16,311 and \$816, respectively. As this is an intra-county loan agreement between the Board of Commissioners and the Airport Authority, the principal and interest is not included in the long term debt obligations of the County. The principal balance was paid off as of December 31, 2020.

In 2016, the Madison County Commissioners authorized the issuance of Special Assessment Ditch Bonds in the principal amount up to \$226,225. The Special Assessment Bonds were dated November 1, 2016 and were issued for the purpose of ditch improvements. The bonds are issued for a 5-year period at 3.00% per annum and are considered a direct borrowing. The principal and interest paid in 2020 was \$54,800 and \$3,336, respectively. As this is an intra-county loan agreement between the County Commissioners and the County Treasurer, the principal and interest is not included in the long term debt obligations of the County. The total principal balance remaining as of December 31, 2020 is \$56,400.

In 2018, the Madison County Commissioners authorized the issuance of Ditch Equipment Bonds in the principal amount up to \$111,372. The bonds were dated March 21, 2018 and were issued for the purpose of purchasing equipment. The bonds are issued for a 3-year period at 2.61% per annum and are considered a direct borrowing. The principal and interest paid in 2020 was \$75,250 and \$3,118, respectively. As this is an intra-county loan agreement between the County Commissioners and the County Treasurer, the principal and interest is not included in the long term debt obligations of the County. As of December 31, 2020, the County has no future obligations outstanding related to this bond.

MADISON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 5 - DEBT OBLIGATIONS - (Continued)

In 2019, the Madison County Commissioners authorized the issuance of Water Treatment Plant Improvement Bonds Series 2019 in the principal amount up to \$400,000. The Improvement Bonds were dated February 12, 2019 and were issued for the purpose of improving the County’s Water Treatment plant. The bonds are issued for a 5-year period at 3.00% per annum and are considered a direct borrowing. The principal and interest paid in 2020 was \$41,800 and \$12,633, respectively. As this is an intra-county loan agreement between the County Commissioners and the Water District, the principal and interest will not be included in the long term debt obligations of the County. The total principal balance remaining as of December 31, 2020 is \$358,200.

In 2020, the Madison County Commissioners authorized the issuance of Ditch Improvement Bonds in the principal amount up to \$96,825. The Improvement Bonds were dated October 27, 2020 and were issued for the purpose of improving various ditches throughout the County. The bonds are issued for a 5-year period at 2.00% per annum and are considered a direct borrowing. The first principal and interest payment is due September 1, 2021. As this is an intra-county loan agreement between the County Commissioners and the County Treasurer, the principal and interest will not be included in the long term debt obligations of the County. The total principal balance remaining as of December 31, 2020 is \$96,825.

NOTE 6 - PROPERTY TAXES

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

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

The full tax rate applied to real property for calendar year 2020 was \$10.80 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.90 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$10.06 per \$1,000 of assessed valuation for all other real property. Real property owners’ tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State of Ohio.

Telephone and inter-exchange telecommunications companies, or entities leasing property to these companies are required to file a list of personal property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for calendar year 2020 was \$10.80 per \$1,000 of assessed valuation.

The assessed values upon which fiscal year 2020 taxes were collected are:

Residential/Agricultural	\$	983,345,810
Commercial/Industrial		138,626,620
Public Utilities Personal Property		<u>77,814,030</u>
Total Assessed Valuation	\$	<u><u>1,199,786,460</u></u>

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

MADISON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption of tangible personal property in the County, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and Use tax revenue for 2020 amounted to \$8,776,626.

NOTE 8 - INSURANCE

A. General Risk

The County is exposed to various risks of loss related to torts, theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2020, the County contracted with the County Risk Sharing Authority (CORSA) for property, general liability, commercial fleet, liability, employee benefit, data processing equipment, 911 equipment, County Engineer contractor equipment, valuable papers additional, theft/disappearance/destruction for inside and outside, crime coverage, forgery and alteration of checks, and umbrella liability insurance. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant changes in coverage from the prior year.

B. Health

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension/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 10 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 3.00%.

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

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

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

	State and Local	Public Safety	Law Enforcement
2020 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2020 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</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.

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,310,429 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.

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.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 \$0 for 2020.

Net Pension Liabilities/Assets

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.10549400%	0.13927700%	0.06412400%	0.00256358%	
Proportion of the net pension liability/asset current measurement date	<u>0.10775800%</u>	<u>0.12937700%</u>	<u>0.07034000%</u>	<u>0.00118196%</u>	
Change in proportionate share	<u>0.00226400%</u>	<u>-0.00990000%</u>	<u>0.00621600%</u>	<u>-0.00138162%</u>	
Proportionate share of the net pension liability	\$ 21,299,100	\$ -	\$ -	\$ 285,993	\$ 21,585,093
Proportionate share of the net pension asset	-	(269,782)	(2,659)	-	(272,441)

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.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% 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 17.20% for 2019.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. 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 proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 35,129,108	\$ 21,299,100	\$ 8,866,328
Combined Plan	(163,015)	(269,782)	(346,730)
Member-Directed Plan	(1,407)	(2,659)	(3,517)

Actuarial Assumptions - State Teachers Retirement System (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.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%
Projected salary increase	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 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 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
Liquid reserves	1.00	2.25
Total	100.00 %	

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

**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% 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% 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%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability:	\$ 407,204	\$ 285,993	\$ 183,276

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. 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 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$15,871 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.

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 14.00% of covered payroll. For 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities/Assets

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. STRS's total OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB asset was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share:

	OPERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.10483600%	0.00256400%	
Proportion of the net OPEB liability current measurement date	<u>0.10684700%</u>	<u>0.00118200%</u>	
Change in proportionate share	<u>0.00201100%</u>	<u>-0.00138200%</u>	
Proportionate share of the net OPEB liability (asset)	\$ 14,758,346	\$ (20,773)	\$ 14,737,573

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:

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

During 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 19.70% 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.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

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

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% 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% and a municipal bond rate of 2.75%. 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 proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB liability	\$ 19,313,664	\$ 14,758,346	\$ 11,111,020

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 14,322,840	\$ 14,758,346	\$ 15,188,301

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 - State Teachers Retirement System (STRS)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% 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:

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

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2020, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) 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 asset	\$ (18,074)	\$ (20,773)	\$ (23,063)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ (22,921)	\$ (20,773)	\$ (18,156)

NOTE 11 - CONDUIT DEBT OBLIGATIONS

During 1997, the County served as the issuer of \$2,700,000 in Multifamily Housing Revenue Bonds. The proceeds were used by a private corporation to fund the construction of an assisted living facility. The amount outstanding on this issue is \$1,325,000. Also, in 2002, the County served as the issuer of \$4,200,000 in Multifamily Housing Mortgage Revenue Bonds. The proceeds were used by a private corporation to acquire, construct and equip a multifamily residential rental housing facility. The amount outstanding on this issue is \$2,815,000. In 2017, the County served as the issuer of \$45,000,000 in Hospital Facilities Revenue Bonds. The proceeds were used to refund outstanding Hospital Improvement Revenue Refunding Bonds and to acquire, construct, improve and equip certain Hospital facilities. The amount outstanding on this issue is \$37,335,000. These bonds do not constitute a general obligation, debt or indebtedness of the County. None of the full faith and credit to taxing power of the County is pledged to make repayment.

NOTE 12 - HOSPITAL AGREEMENT

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - INTERFUND TRANSACTIONS

Transfers made during the year ended December 31, 2020, were as follows:

Transfers To	Transfers From			Totals
	General	Motor Vehicle Gasoline Tax	Other Governmental Funds	
Board of Developmental Disabilities	\$ 3,086	\$ -	\$ -	\$ 3,086
Other Governmental Funds	1,141,041	130,353	47,000	1,318,394
Nonmajor Enterprise Funds	<u>357,688</u>	<u>-</u>	<u>-</u>	<u>357,688</u>
Totals	<u>\$ 1,501,815</u>	<u>\$ 130,353</u>	<u>\$ 47,000</u>	<u>\$ 1,679,168</u>

Transfers from the General Fund were made to provide monies to subsidize operations. Transfers from the Motor Vehicle Gasoline Tax Fund and other governmental funds were made to satisfy local matching requirements or for shared costs of various programs such as capital projects. All transfers were made in compliance with the Ohio Revised Code.

Advances made during the year ended December 31, 2020 were as follows:

Advances To	Advances From				Totals
	General	Other Governmental Funds	Airport Authority	Nonmajor Enterprise Funds	
General	\$ -	\$ 130,410	\$ -	\$ 41,800	\$ 172,210
Other Governmental Funds	<u>96,825</u>	<u>-</u>	<u>16,311</u>	<u>-</u>	<u>113,136</u>
Totals	<u>\$ 96,825</u>	<u>\$ 130,410</u>	<u>\$ 16,311</u>	<u>\$ 41,800</u>	<u>\$ 285,346</u>

Advances are lending/borrowing arrangements between funds that are long-term in nature. The purpose of these advances is to allow the County to exercise its authority to use the inactive monies in funds to invest in its own securities. See Note 5 for more information.

NOTE 14 - CONTINGENCIES AND LITIGATION

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

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

MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - BUDGETARY BASIS FUND BALANCES

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

	General	Motor Vehicle Gasoline Tax	Board of Developmental Disabilities
Budgetary Basis Fund Balances	\$ 3,316,050	\$ 927,149	\$ 2,058,177
Encumbrances	156,957	-	35,694
Fund Balances of Funds			
Combined with the General			
Fund for Reporting Purposes	6,698,873	-	-
Fund Cash Balances	\$ 10,171,880	\$ 927,149	\$ 2,093,871

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MADISON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - FUND BALANCES

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

Fund Balances	General	Motor Vehicle Gasoline Tax	Board of Developmental Disabilities	Other Governmental Funds	Total
<i>Nonspendable</i>					
Unclaimed Monies	\$ 299,492	\$ -	\$ -	\$ -	\$ 299,492
Statler Trust	-	-	-	50,000	50,000
Total	299,492	-	-	50,000	349,492
<i>Restricted</i>					
General Government	-	-	-	4,948,865	4,948,865
Public Safety	-	-	-	3,001,795	3,001,795
Public Works	-	927,149	-	212,454	1,139,603
Health	-	-	2,093,871	174,322	2,268,193
Human Services	-	-	-	2,248,570	2,248,570
Coronavirus Relief	-	-	-	1,777,545	1,777,545
Other	-	-	-	257,565	257,565
Capital Projects	-	-	-	872,455	872,455
Debt Service	-	-	-	481,287	481,287
Statler Trust	-	-	-	4,159	4,159
Total	-	927,149	2,093,871	13,979,017	17,000,037
<i>Committed</i>					
Capital Projects	-	-	-	514,129	514,129
Public Works	-	-	-	4,380	4,380
Total	-	-	-	518,509	518,509
<i>Assigned</i>					
Future Purchases	156,957	-	-	-	156,957
<i>Unassigned</i>					
Total	9,715,431	-	-	-	9,715,431
Total	\$ 10,171,880	\$ 927,149	\$ 2,093,871	\$ 14,547,526	\$ 27,740,426

MADISON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 17 - ENCUMBRANCES

At December 31, 2020, the County had encumbrance commitments in governmental funds as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 156,957
Board of Developmental Disabilities	35,694
Nonmajor governmental	<u>2,312,927</u>
Total	<u>\$ 2,505,578</u>

NOTE 18 - TAX ABATEMENTS

Other governments entered into property tax abatement agreements with property owners under both the Community Reinvestment Agreement (“CRA”) program with the taxing districts of the County. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the County designates areas to encourage revitalization of the existing housing stock and the development of new structures. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the County. Under the agreements, the County’s property taxes were reduced by \$950,361 during fiscal year 2020. The County is not receiving any amounts from these other governments in association with the forgone property tax revenue.

NOTE 19 - 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 may impact subsequent periods of the County. The County’s investment portfolio and the pension and other employee benefits plan in which the County participate 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.

SUPPLEMENTARY INFORMATION

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

Federal Grantor <i>Pass-Through Grantor</i> Program Title	Pass-Through/ Entity Number	Federal CFDA Number	(A) (B) (F) Disbursements
United States Department of Agriculture			
<i>Passed through the Ohio Department of Job and Family Services</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-19-20-11-5770	10.561	\$ 277,038
Total SNAP Cluster			<u>277,038</u>
<i>Passed through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
(D) (E) School Breakfast Program	2020	10.553	5,383
(D) (E) COVID-19 - School Breakfast Program	2020	10.553	188
Total School Breakfast Program			<u>5,571</u>
(D) (E) National School Lunch Program	2020	10.555	3,098
(D) (E) COVID-19 - National School Lunch Program	2020	10.555	284
Total National School Lunch Program			<u>3,382</u>
Total Child Nutrition Cluster			<u>8,953</u>
Total United States Department of Agriculture			<u>285,991</u>
United States Department of Housing and Urban Development			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-18-1BS-1	14.228	461,263
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-X-20-1BS-1	14.228	11,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-C-19-1BS-1	14.228	40,720
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	S-C-19-1BS-1	14.228	32,035
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>545,018</u>
Home Investment Partnership Program	B-C-19-1BS-2	14.239	82,550
Total United States Department of Housing and Urban Development			<u>627,568</u>
United States Department of Labor			
<i>Passed through the Ohio Department of Job and Family Services and passed through the Montgomery County Auditor, Workforce Investment Act, Area 7</i>			
WIOA Cluster:			
WIOA Adult Program	2020-7349-1	17.258	43,497
WIOA Youth Activities	2020-7349-1	17.259	27,714
WIOA Dislocated Worker Formula Grants	2020-7349-1	17.278	20,382
Total WIOA Cluster			<u>91,593</u>
Total United States Department of Labor			<u>91,593</u>
United States Department of Transportation			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	AIP 3-39-0047-021-2020	20.106	24,680
COVID-19 - Airport Improvement Program	AIP 3-39-0047-022-2020	20.106	30,000
Total Airport Improvement Program			<u>54,680</u>
Total United States Department of Transportation			<u>54,680</u>
United States Department of the Treasury			
<i>Passed through the Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus Relief Fund	HB481-CRF-Local	21.019	731,618
<i>Passed through the Supreme Courts of Ohio</i>			
COVID-19 - Coronavirus Relief Fund	20-RTG-0100	21.019	4,863
Total Coronavirus Relief Fund			<u>736,481</u>
Total United States Department of the Treasury			<u>736,481</u>

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SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor <i>Pass-Through Grantor</i> Program Title	Pass-Through/ Entity Number	Federal CFDA Number	(A) (B) (F) Disbursements
United States Department of Education			
<i>Passed through the Ohio Department of Education</i>			
Special Education Cluster (IDEA):			
(E) Special Education_Grants to States	2020	84.027	14,199
(E) Special Education_Grants to States - Restoration	2020	84.027	6,253
Total Special Education_Grants to States			<u>20,452</u>
(E) Special Education_Preschool Grants	2020	84.173	6,235
Total Special Education Cluster (IDEA)			<u>26,687</u>
<i>Passed through the Ohio Department of Developmental Disabilities</i>			
(E) Special Education-Grants for Infants and Families	N/A	84.181	20,831
Total United States Department of Education			<u>47,518</u>
Election Assistance Commission			
<i>Passed through the Ohio Secretary of State</i>			
(E) 2018 HAVA Election Security Grant	N/A	90.404	40,211
(E) COVID-19 - 2018 HAVA Election Security Grant	N/A	90.404	29,534
Total 2018 HAVA Election Security Grant			<u>69,745</u>
Total Election Assistance Commission			<u>69,745</u>
United States Department of Health and Human Services			
<i>Passed through the Ohio Department of Mental Health and Addiction Services</i>			
(E) MaryLee Allen Promoting Safe and Stable Families	N/A	93.556	15,999
<i>Passed through the Ohio Department of Job and Family Services</i>			
MaryLee Allen Promoting Safe and Stable Families	G-1920-11-5770	93.556	3,381
Total MaryLee Allen Promoting Safe and Stable Families			<u>19,380</u>
<i>Passed Through the Miami Valley Child Development Center</i>			
Temporary Assistance for Needy Families	2001OHTANF	93.558	25,616
<i>Passed through the Ohio Department of Job and Family Services</i>			
Temporary Assistance for Needy Families	G-1920-11-5770	93.558	592,071
Total Temporary Assistance for Needy Families			<u>617,687</u>
<i>Passed through the Ohio Department of Job and Family Services</i>			
Child Support Enforcement	G-1920-11-5770	93.563	243,978
<i>Passed through the Ohio Department of Job and Family Services</i>			
CCDF Cluster:			
Child Care and Development Block Grant	G-1920-11-5770	93.575	35,755
Total CCDF Cluster			<u>35,755</u>
<i>Passed Through the Miami Valley Child Development Center</i>			
Head Start Cluster:			
(E) Head Start	N/A	93.600	243,980
Total Head Start Cluster			<u>243,980</u>
<i>Passed through the Ohio Department of Mental Health and Addiction Services</i>			
(E) Stephanie Tubbs Jones Child Welfare Services Program	N/A	93.645	1,977
<i>Passed through the Ohio Department of Job and Family Services</i>			
Stephanie Tubbs Jones Child Welfare Services Program	G-1920-11-5770	93.645	53,200
Total Stephanie Tubbs Jones Child Welfare Services Program			<u>55,177</u>
<i>Passed through the Ohio Department of Job and Family Services</i>			
Foster Care_Title IV-E	G-1920-11-5770	93.658	82,788
<i>Passed through the Ohio Department of Job and Family Services</i>			
Adoption Assistance	G-1920-11-5770	93.659	138,943

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SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor Pass-Through Grantor Program Title	Pass-Through/ Entity Number	Federal CFDA Number	(A) (B) (F) Disbursements
<i>Passed through the Ohio Department of Job and Family Services</i> Social Services Block Grant	G-1920-11-5770	93.667	160,643
<i>Passed through the Ohio Department of Developmental Disabilities</i> Social Services Block Grant	200IOHSOSR	93.667	29,020
Total Social Services Block Grant			<u>189,663</u>
<i>Passed through the Ohio Department of Job and Family Services</i> John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-1920-11-5770	93.674	5,748
Medicaid Cluster: <i>Passed through the Ohio Department of Medicaid</i> (E) State Medicaid Fraud Control Units	N/A	93.775	111,426
<i>Passed through the Ohio Department of Developmental Disabilities</i> Medical Assistance Program	2005OH5ADM	93.778	181,891
<i>Passed through the Ohio Department of Job and Family Services</i> Medical Assistance Program	G-1920-11-5770	93.778	380,043
Total Medical Assistance Program			<u>561,934</u>
Total Medicaid Cluster			<u>673,360</u>
<i>Passed Through the Mental Health and Recovery Board of Clark, Green & Madison Counties</i> (E) Block Grants for Prevention and Treatment of Substance Abuse	N/A	93.959	54,569
Total United States Department of Health and Human Services			<u>2,361,028</u>
United States Department of Homeland Security <i>Passed through the Ohio Emergency Management Agency</i> Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	31,615
Emergency Management Performance Grants	EMC-2020-EP-00004	97.042	31,715
Total Emergency Management Performance Grants			<u>63,330</u>
Total United States Department of Homeland Security			<u>63,330</u>
Total Federal Awards Expenditures			<u>\$ 4,337,934</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MADISON COUNTY, OHIO

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – INDIRECT COST RATE

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

NOTE C – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – PASS-THROUGH GRANT NUMBER

A pass-through grant number was unable to be obtained for this grant.

NOTE F – MATCHING REQUIREMENTS

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

NOTE G - TRANSFERS BETWEEN PROGRAMS

During fiscal year 2020, the County made allowable transfers of \$103,901 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$616,995 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2020 and the amount transferred to the Social Services Block Grant program.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Temporary Assistance for Needy Families	93.558	\$ 720,896
Transfer to Social Services Block Grant	93.667	(\$103,901)
Total Temporary Assistance for Needy Families	93.558	\$ 616,995

MADISON COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

2 CFR § 200.510(b)(6)

FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE H – TITLE XIX MEDICAL ASSISTANCE PROGRAM, CFDA #93.778

During the calendar year, the County Board of Developmental Disabilities received a Cost Report MAC settlement payment for the 2014 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid program (CFDA# 93.778) in the amount of \$6,235 for an amount not included on 2014 federal schedule. The revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods.

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

Madison County
1 North Main Street
London, Ohio 43140

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to cash-basis financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison County, Ohio as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Madison County's basic financial statements, and have issued our report thereon dated June 14, 2021, wherein we noted Madison County uses a special purpose framework other than accounting principles generally accepted in the United States of America. Furthermore, as described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-003 and 2020-004 that we consider to be material weaknesses.

Compliance and Other Matters

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

Madison County's Responses to Findings

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

Purpose of this Report

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



Julian & Grube, Inc.

June 14, 2021

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

Madison County
1 North Main Street
London, Ohio 43140

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Madison County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Madison County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County's internal control over compliance.

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 14, 2021

MADISON COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (listed):	COVID-19 - Coronavirus Relief Fund (CFDA # 21.019), Temporary Assistance for Needy Families (CFDA # 93.558); and Medicaid Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

MADISON COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

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

Noncompliance – Annual Financial Report:

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

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

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

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

Finding Number	2020-002
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Noncompliance – Budget Stabilization Reserve:

Ohio Revised Code Section 5705.13 provides a taxing authority of a subdivision, by resolution or ordinance, may establish reserve balance accounts to accumulate currently available resources to stabilize the subdivisions budgets against cyclical changes in revenues and expenditures. The amount of money to be reserved in such an account in any fiscal year shall not exceed five percent of the revenue credited in the preceding fiscal year to the fund in which the account is established, or, in the case of a reserve balance account of a county or of a township, the greater of that amount or one-sixth of the expenditures during the preceding fiscal year from the fund in which the account is established.

The County transferred \$5,000,000 to their Budget Stabilization Fund in 2020. This amount exceeded five percent of General Fund revenue in 2019 and one-sixth of General Fund expenditures during 2019.

With transfers exceeding limits, the County is in direct noncompliance with Ohio Revised Code Section 5705.13.

We recommend the County follow Ohio Revised Code Section 5705.13 and limit budget transfers into their Budget Stabilization Fund to the greater of five percent of revenues or one-sixth of expenditures in the preceding fiscal year within the fund in which the account is established.

MADISON COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-003

Material Weakness – Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. When outsourcing the financial reporting process to a third party, management is still responsible for preparing complete and accurate financial statements.

An adjustment was made to the financial statements to properly account for expenditures related to the Board of Developmental Disabilities Fund. An adjustment was made within the Board of Developmental Disabilities Fund to increase "Health" current cash disbursements in the amount of \$246,148.

Without additional policies and procedures for control and monitoring activities associated with the period-end financial reporting process, the County is at risk of preparing incomplete or inaccurate financial statements.

We recommend the County design and implement additional policies and procedures in order to provide adequate time to review and approve all manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. We further recommend the County verify the information provided to a third-party compiler is accurate and up-to-date.

Finding Number	2020-004
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Material Weakness – Major Fund Determination:

Per GASB Cod. 2200.158 and .159, the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Nonmajor funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a) The total of assets and deferred outflows of resources, the total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element(s) total (total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b) The same element(s) that met the ten percent criterion in (a) is at least five percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The County's Sewer Fund meets the above criteria for a major fund, but it was included as a Nonmajor Enterprise Fund in the County's unaudited Hinkle submission report. Audit adjustments were necessary to reclassify the Sewer Fund as a major enterprise fund.

MADISON COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2020

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)**

Finding Number	2020-004 – (Continued)
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Without a detailed review of the major fund determination, the County is at risk of preparing incomplete or inaccurate financial statements.

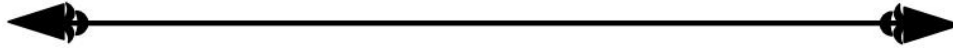
We recommend the County design and implement additional policies and procedures to provide adequate review and approve all major fund determinations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Jennifer S. Hunter CPA

Madison County Auditor



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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	Unknown	<u>Noncompliance</u> - Ohio Admin. Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements in accordance with the cash basis of accounting.	Not Corrected	Finding repeated as 2020-001 as the County prepared cash basis financial statements.
2019-002	2018	<u>Noncompliance/Material Weakness - Reconciliations</u> - Ohio Administrative Code Section 117-2-02 provides each public office shall maintain an accounting system and accounting records. The completion of timely monthly bank reconciliations to zero unidentified differences is critical to maintaining an accounting system and accounting records sufficient to the above requirements. Bank reconciliations were not reconciled to a zero unidentified difference. At year end the remaining unidentified differences amounted to \$27,503.	Partially Corrected	Finding reissued as a Management Letter Comment.
2019-003	2018	<u>Noncompliance</u> - Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. The County had actual disbursements exceeding final budgeted disbursements in various funds.	Corrective Action Taken and Finding Fully Corrected	N/A

Jennifer S. Hunter CPA

Madison County Auditor



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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The County Auditor is planning, along with their independent accounting firm, to eventually report the County's financial statements on the GAAP basis.	Unknown	Jennifer Hunter, Auditor
2020-002	The Commissioners approved a retroactive transfer of \$1,952,757 into the Budget Stabilization fund during their June 1, 2021 meeting as only \$3,047,243 was allowed to be transferred in 2020. This brings the total 2020 and 2021 transfers to \$5,000,000.	June 1, 2021	Sissy Wiseman, Commissioners Clerk
2020-003	The County Auditor discovered that due to software issues, inactive funds with current year activity were omitted from the final Statement of Cash and Revenue and Expense reports. After this was discovered, the County Auditor will ensure that the final reports used to prepare the compiled report will include all accounts, both active and inactive.	Immediately	Jennifer Hunter, Auditor
2020-004	The County Auditor will plan on reviewing all major fund determinations with the compilation team prior to preparing the annual financial statements.	December 31, 2021	Jennifer Hunter, Auditor

OHIO AUDITOR OF STATE KEITH FABER



MADISON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/29/2021

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