

AUGLAIZE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

**AUGLAIZE COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Auglaize County
209 South Blackhoof Street
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To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Auglaize County, Ohio (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Auglaize County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, MVGT, ACDD, and Local Fiscal Recovery funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial 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 August 29, 2022, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2022

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AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

The management's discussion and analysis of Auglaize County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net position of the County increased \$18,734,670 from the 2020 net position of \$54,240,392. Net position of governmental activities increased \$20,505,521, which represents a 42.54% increase from the 2020 net position of \$48,206,094. Net position of business-type activities decreased \$1,770,851 or 29.35% from the 2020 net position of \$6,034,298.
- General revenues accounted for \$21,474,534 or 49.45% of total governmental activities revenue. Program specific revenues accounted for \$21,955,965 or 50.55% of total governmental activities revenue.
- The County had \$24,289,366 in governmental activities expenses; \$21,955,965, or 90.39%, of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,474,534 were adequate to provide for these programs.
- The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$18,333,526 in 2021, an increase of \$629,653 or 3.56% from 2020. The general fund had expenditures and other financing uses of \$16,441,492 in 2021, an increase of \$2,139,886 or 14.96% from 2020. The net changes in revenues and expenditures contributed to the general fund balance increase of \$1,892,034 or 13.12% from 2020's fund balance.
- The motor vehicle license and gas tax fund, a major governmental fund, had revenues and other financing sources of \$6,924,546 in 2021, an increase of \$628,986 or 9.99% from 2020. The motor vehicle license and gas tax fund had expenditures and other financing uses of \$6,581,458 in 2021, an increase of \$515,124 or 8.49% from 2020. The motor vehicle license and gas tax fund balance increased \$343,088 or 15.11% from 2020 to 2021.
- The Auglaize County board of developmental disabilities (DD) fund, a major governmental fund, had revenues of \$6,728,783 in 2021, an increase of \$130,474 or 1.98% from 2020. The DD fund had expenditures of \$5,780,954 in 2021, an increase of \$73,016 or 1.28% from 2020. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$947,829 or 9.97% from 2020 to 2021.
- The Local Fiscal Recovery fund, a major governmental fund, had no revenues and expenditures in 2021 instead reporting \$4,434,072 in unearned grant money that will be recognized as expenditures are incurred. The Local Fiscal Recovery fund had no fund balance at year end.
- Net position for the business-type activities, which consists of the sewer district and Auglaize Acres, decreased in 2021 by \$1,770,851 or 29.35% from the 2020 net position of \$6,034,298. During 2021, the Auglaize Acres transferred operations to the County's general fund.

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, there are four major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2021?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental activities - most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - these services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds.

The County's major governmental funds are the general fund, motor vehicle license and gas tax fund, Auglaize County board of developmental disabilities (DD) fund, and the Local Fiscal Recovery fund. The County's major enterprise fund are the sewer district and the Auglaize Acres.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its sewer district and Auglaize Acres. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its employee health insurance costs and various rotary funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the County's only fiduciary fund type.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability/asset and net other postemployment benefits (OPEB) liability/asset.

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AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position at December 31, 2021 and December 31, 2020 net position.

	Net Position					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 61,625,915	\$ 49,052,861	\$ 1,360,977	\$ 3,004,509	\$ 62,986,892	\$ 52,057,370
Capital assets, net	48,206,064	47,791,174	3,028,684	3,130,920	51,234,748	50,922,094
Total assets	<u>109,831,979</u>	<u>96,844,035</u>	<u>4,389,661</u>	<u>6,135,429</u>	<u>114,221,640</u>	<u>102,979,464</u>
<u>Deferred Outflows of Resources</u>	<u>3,655,612</u>	<u>5,497,896</u>	<u>-</u>	<u>-</u>	<u>3,655,612</u>	<u>5,497,896</u>
Liabilities						
Current and other liabilities	6,477,206	1,933,071	65,904	42,520	6,543,110	1,975,591
Long-term liabilities outstanding:						
Due within one year	1,117,392	1,244,341	3,174	-	1,120,566	1,244,341
Net pension liability	15,228,892	19,638,585	-	-	15,228,892	19,638,585
Net OPEB liability	-	13,490,902	-	-	-	13,490,902
Other amounts	1,766,494	1,874,014	57,136	58,611	1,823,630	1,932,625
Total liabilities	<u>24,589,984</u>	<u>38,180,913</u>	<u>126,214</u>	<u>101,131</u>	<u>24,716,198</u>	<u>38,282,044</u>
<u>Deferred Inflows of Resources</u>	<u>20,185,992</u>	<u>15,954,924</u>	<u>-</u>	<u>-</u>	<u>20,185,992</u>	<u>15,954,924</u>
Net Position						
Net investment in capital assets	47,402,447	47,476,874	2,968,374	3,072,309	50,370,821	50,549,183
Restricted	15,581,814	24,616,198	-	-	15,581,814	24,616,198
Unrestricted (deficit)	5,727,354	(23,886,978)	1,295,073	2,961,989	7,022,427	(20,924,989)
Total net position	<u>\$ 68,711,615</u>	<u>\$ 48,206,094</u>	<u>\$ 4,263,447</u>	<u>\$ 6,034,298</u>	<u>\$ 72,975,062</u>	<u>\$ 54,240,392</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, net pension/OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,975,062. This amounts to \$68,711,615 in governmental activities and \$4,263,447 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 44.86% of total governmental and business-type assets. Capital assets include land, land improvements, buildings and improvements, equipment, furniture, and fixtures, construction in progress, and infrastructure. The net investment in capital assets at December 31, 2021, was \$50,370,821. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the County's net position, \$15,581,814 or 21.35%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$7,022,427.

Overall, total current assets increased over the prior year primarily in cash and cash equivalents which increased due to current year operations. Capital asset, net increased as acquisitions exceeded depreciation expense in 2021.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The following table shows the changes in net position for governmental and business-type activities for 2021 and 2020.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2021	2020
	Activities	Activities	Activities	Activities	Total	Total
Revenues	2021	2021	2020	2020		
Program revenues:						
Charges for services and sales	\$ 8,834,517	\$ 567,920	\$ 9,071,636	\$ 565,252	\$ 9,402,437	\$ 9,636,888
Operating grants and contributions	12,731,788	-	14,453,864	-	12,731,788	14,453,864
Capital grants and contributions	389,660	-	856,326	-	389,660	856,326
Total program revenues	<u>21,955,965</u>	<u>567,920</u>	<u>24,381,826</u>	<u>565,252</u>	<u>22,523,885</u>	<u>24,947,078</u>
General revenues:						
Property taxes	6,744,389	-	6,385,244	-	6,744,389	6,385,244
Sales tax	12,496,548	-	11,254,014	-	12,496,548	11,254,014
Unrestricted grants	1,310,952	-	1,022,949	-	1,310,952	1,022,949
Investment earnings	(124,867)	-	352,769	-	(124,867)	352,769
Loss on sale of assets	-	-	(77,923)	(6,145)	-	(84,068)
Other	1,047,512	4,566	1,712,319	42,993	1,052,078	1,755,312
Total general revenues	<u>21,474,534</u>	<u>4,566</u>	<u>20,649,372</u>	<u>36,848</u>	<u>21,479,100</u>	<u>20,686,220</u>
Total revenues	<u>43,430,499</u>	<u>572,486</u>	<u>45,031,198</u>	<u>602,100</u>	<u>44,002,985</u>	<u>45,633,298</u>
Expenses						
Program Expenses:						
General government:						
Legislative and executive	2,819,049	-	6,523,652	-	2,819,049	6,523,652
Judicial	818,287	-	2,581,003	-	818,287	2,581,003
Public safety	3,182,347	-	6,793,159	-	3,182,347	6,793,159
Public works	6,169,556	-	6,684,227	-	6,169,556	6,684,227
Health	5,405,709	-	7,291,450	-	5,405,709	7,291,450
Human services	3,662,174	-	5,385,208	-	3,662,174	5,385,208
Economic development	-	-	517,750	-	-	517,750
Other	2,217,797	-	2,357,576	-	2,217,797	2,357,576
Interest and fiscal charges	14,447	-	16,872	-	14,447	16,872
Sewer district	-	593,399	-	566,063	593,399	566,063
Auglaize Acres	-	385,550	-	67,005	385,550	67,005
Total expenses	<u>24,289,366</u>	<u>978,949</u>	<u>38,150,897</u>	<u>633,068</u>	<u>25,268,315</u>	<u>38,783,965</u>
Excess of revenues over (under) expenses	19,141,133	(406,463)	6,880,301	(30,968)	18,734,670	6,849,333
Transfers	<u>1,364,388</u>	<u>(1,364,388)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	20,505,521	(1,770,851)	6,880,301	(30,968)	18,734,670	6,849,333
Net position at beginning of year	<u>48,206,094</u>	<u>6,034,298</u>	<u>41,325,793</u>	<u>6,065,266</u>	<u>54,240,392</u>	<u>47,391,059</u>
Net position at end of year	<u>\$ 68,711,615</u>	<u>\$ 4,263,447</u>	<u>\$ 48,206,094</u>	<u>\$ 6,034,298</u>	<u>\$ 72,975,062</u>	<u>\$ 54,240,392</u>

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Governmental Activities

Governmental activities net position increased by \$20,505,521 in 2021 as total revenues once again exceeded expenses.

Expenses of the governmental activities decreased \$13,861,531 or 36.33%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On an accrual basis, the County's governmental activities had OPEB expense of (\$11,195,267) in 2021 compared to \$558,625 in 2020. On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the County at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

General government expenses, which include legislative and executive and judicial programs, accounted for \$3,637,336 or 14.98% of total governmental expenses. General government expenses were funded by \$3,168,697 of direct charges to users, \$815,603 in operating grants and contributions, and \$88,327 in capital grants and contributions in 2021. Public works expenses, the County's largest category of expenses, totaled \$6,169,556 in 2021 or 25.40% of total governmental expenses. The County's public works programs consist primarily of the motor vehicle license and gas tax program, which funds road and other infrastructure repairs and improvements throughout the County.

Operating grants and contributions, which is mostly intergovernmental revenue from the State and Federal governments, totaled \$12,731,788 in 2021, compared to \$14,453,864 in 2020. These revenues are restricted to a particular program or purpose.

During 2021, the County received \$389,660 in capital grants and contributions. This amount primarily consisted of grants from the Ohio Department of Transportation (ODOT) and the Ohio Public Works Commission (OPWC) for various roadway improvement projects throughout the County.

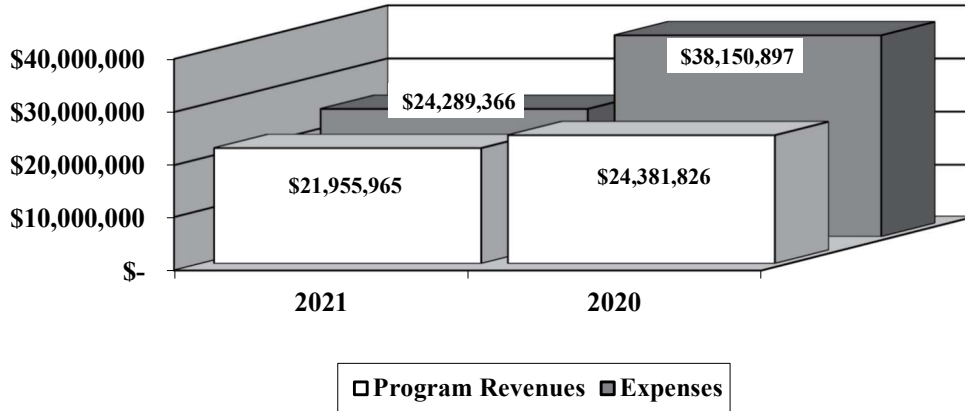
General revenues totaled \$21,474,534 and amounted to 49.45% of total revenues. These revenues primarily consist of property and sales tax revenue of \$19,240,937 or 89.60% of total general revenues in 2021. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$1,310,952 or 6.10% of the total. These revenues consist primarily of local government and property tax reimbursements.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

As can be seen in the graph below, the County is reliant upon general revenues to finance operations as program revenues are not sufficient to cover total expenses.

Governmental Activities - Program Revenues vs. Total Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements).

Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program Expenses:				
General government:				
Legislative and executive	\$ 2,819,049	\$ 488,108	\$ 6,523,652	\$ 4,149,595
Judicial	818,287	(923,399)	2,581,003	626,745
Public safety	3,182,347	2,180,107	6,793,159	4,518,898
Public works	6,169,556	(1,267,292)	6,684,227	(1,511,046)
Health	5,405,709	670,896	7,291,450	2,550,347
Human services	3,662,174	(1,045,763)	5,385,208	1,062,284
Economic development	-	-	517,750	-
Other	2,217,797	2,216,297	2,357,576	2,355,376
Interest and fiscal charges	14,447	14,447	16,872	16,872
Total	\$ 24,289,366	\$ 2,333,401	\$ 38,150,897	\$ 13,769,071

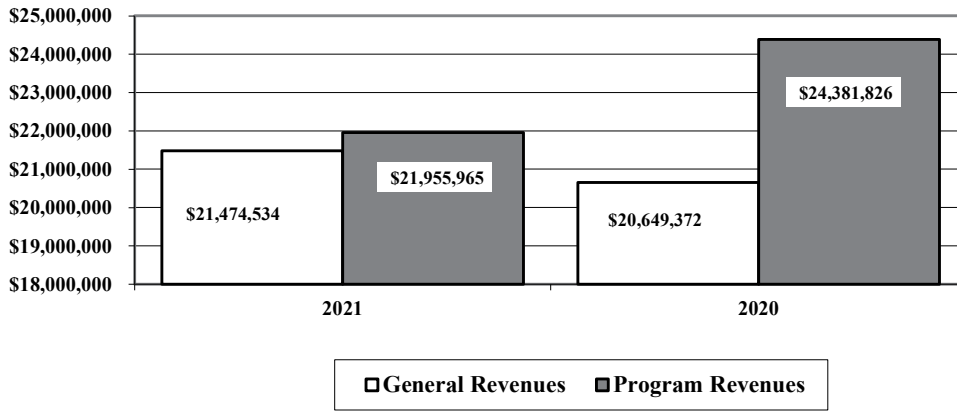
The dependence upon general revenues for governmental activities is apparent, with 9.61% of expenses supported through taxes and other general revenues during 2021.

AUGLAIZE COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The graph below compares the County's general and program revenues.

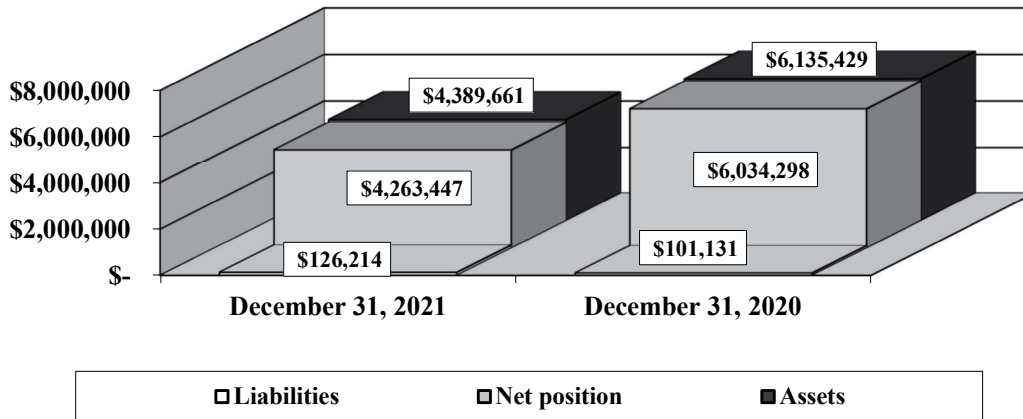
Governmental Activities - General and Program Revenues



Business-Type Activities

During 2021, the business-type activities had program revenues of \$567,920, general revenues of \$4,566, and expenses of \$978,949 for fiscal year 2021. The net position of the business-type activities decreased \$1,770,851 or 29.35% from 2020's net position. The following graph illustrates the assets, deferred outflows, liabilities, deferred inflows, and net position of the County's business-type activities at December 31, 2021 and 2020.

Net Position in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The County's governmental funds reported a combined fund balance of \$41,823,906, which is \$5,719,289 greater than last year's total of \$36,104,617. The table below shows the fund balance and the total change in fund balance as of December 31, 2021 for all major and nonmajor governmental funds.

	<u>Fund Balances</u> 12/31/21	<u>Fund Balances</u> 12/31/20	<u>Change</u>
Major funds:			
General	\$ 16,314,653	\$ 14,422,619	\$ 1,892,034
Motor Vehicle License and Gas Tax	2,613,152	2,270,064	343,088
Auglaize County Board of DD	10,449,933	9,502,104	947,829
Nonmajor governmental funds	<u>12,446,168</u>	<u>9,909,830</u>	<u>2,536,338</u>
Total	<u>\$ 41,823,906</u>	<u>\$ 36,104,617</u>	<u>\$ 5,719,289</u>

General Fund

The County's general fund balance increased \$1,892,034. The tables that follow assist in illustrating the revenues and expenditures of the general fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 11,952,084	\$ 11,929,069	0.19 %
Charges for services	2,162,033	1,914,382	12.94 %
Licenses and permits	3,330	2,817	18.21 %
Fines and forfeitures	519,957	531,769	(2.22) %
Intergovernmental	2,099,919	1,801,216	16.58 %
Investment income	(153,890)	348,816	(144.12) %
Other	<u>370,747</u>	<u>1,154,893</u>	(67.90) %
Total	<u>\$ 16,954,180</u>	<u>\$ 17,682,962</u>	(4.12) %

Taxes revenue, which includes primarily real property and sales taxes, represents 70.50% of all general fund revenues. Charges for services increased 12.94% due to increased fees received for general services provided by the County. Intergovernmental revenues increased due to the County receiving more money from the State and Federal governments. Investment income decreased due to decreased interest rates on the County's investments. The County plans to hold investments to maturity to reduce interest rate risk. Other revenue decreased by 67.90% due a large refund received from the Bureau of Workers' Compensation in 2020.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	2021	2020	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government:			
Legislative and executive	\$ 4,212,035	\$ 4,297,506	(1.99) %
Judicial	2,097,537	2,084,801	0.61 %
Public safety	6,985,092	4,683,257	49.15 %
Public works	307,889	295,107	4.33 %
Health	113,852	112,399	1.29 %
Human services	353,674	373,390	(5.28) %
Other	<u>2,071,413</u>	<u>2,143,706</u>	(3.37) %
Total	<u>\$ 16,141,492</u>	<u>\$ 13,990,166</u>	15.38 %

Expenditures increased 15.38% during 2021. Public safety expenditures increased due to the County using Coronavirus Relief money in 2020 to pay for Sheriff department salaries and benefits. Human services expenditures decreased due to decreased costs in the veterans department. All other expenditures remained comparable to the prior year.

Motor Vehicle License and Gas Tax Fund

The motor vehicle license and gas tax fund, a major governmental fund, had revenues and other financing sources of \$6,924,546 in 2021, an increase of \$628,986 or 9.99% from 2020. The motor vehicle license and gas tax fund had expenditures and other financing uses of \$6,581,458 in 2021, an increase of \$515,124 or 8.49% from 2020. The motor vehicle license and gas tax fund balance increased \$343,088 or 15.11% from 2020 to 2021.

Auglaize County Board of DD

The Auglaize County board of developmental disabilities (DD) fund, a major governmental fund, had revenues of \$6,728,783 in 2021, an increase of \$130,474 or 1.98% from 2020. The DD fund had expenditures of \$5,780,954 in 2021, an increase of \$73,016 or 1.28% from 2020. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$947,829 or 9.97% from 2020 to 2021.

Local Fiscal Recovery Fund

The Local Fiscal Recovery fund, a major governmental fund, had no revenues and expenditures in 2021 instead reporting \$4,434,072 in unearned grant money that will be recognized as expenditures are incurred. The Local Fiscal Recovery fund had no fund balance at year end.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, motor vehicle license and gas tax fund, Auglaize County board of DD fund, and Local Fiscal Recovery fund.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

In the general fund, original and final budgeted revenues and other financing sources were \$15,040,539. Actual revenues and other financing sources of \$19,797,413 were greater than final budgeted revenues and other financing sources by \$4,756,874.

Original and final budgeted expenditures and other financing uses in the general fund were \$19,833,934. Actual expenditures and other financing uses of \$16,957,493 were \$2,876,441 less than final budgeted expenditures and other financing uses. All departments in the general fund had a positive budget variance, most of which were due to the County's conservative budget practices in budgeting for higher employee wages and benefits costs.

Proprietary Funds

The County has two types of proprietary funds: enterprise funds and internal service funds. The County's enterprise fund provides the same type of information found in the government-wide financial statements for business-type activities, but in more detail. The County's internal service fund provides detailed information on the County's employee health insurance costs and various rotary funds. The internal service fund is included with the governmental activities for reporting on the government-wide financial statements.

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the County had \$51,234,748 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, furniture, and fixtures, construction in progress, sewer mains and infrastructure. Of this total, \$48,206,064 was reported in governmental activities and \$3,028,684 was reported in business-type activities. The following table shows 2021 balances compared to 2020:

**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 2,577,577	\$ 2,382,301	\$ 100,686	\$ 100,686	\$ 2,678,263	\$ 2,482,987
Land improvements	520,915	566,685	-	-	520,915	566,685
Building and improvements	14,816,599	15,947,707	52,140	54,509	14,868,739	16,002,216
Equipment, Furniture, and fixtures	5,274,333	4,485,622	64,331	62,281	5,338,664	4,547,903
Infrastructure	24,431,390	24,093,131	-	-	24,431,390	24,093,131
Sewer lines	-	-	2,804,627	2,792,373	2,804,627	2,792,373
Construction in progress	<u>585,250</u>	<u>315,728</u>	<u>6,900</u>	<u>121,071</u>	<u>592,150</u>	<u>436,799</u>
Total	<u>\$ 48,206,064</u>	<u>\$ 47,791,174</u>	<u>\$ 3,028,684</u>	<u>\$ 3,130,920</u>	<u>\$ 51,234,748</u>	<u>\$ 50,922,094</u>

See Note 10 in the notes to the basic financial statements for detail on the County's capital assets.

The County's largest governmental activities capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 50.68% of the County's total governmental capital assets.

The County's largest business-type capital asset category is sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County's sewer lines (cost less accumulated depreciation) represents approximately 92.60% of the County's total business-type capital assets.

AUGLAIZE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Debt Administration

At December 31, 2021 the County had \$950,130 in special assessment notes payable and OPWC loans payable. Of this total, \$160,770 is due within one year and \$789,360 is due in more than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

	Governmental Activities 2021	Business-Type Activities 2021	Governmental Activities 2020	Business-Type Activities 2020
Long-Term Obligations				
Special assessment notes	\$ 509,617	\$ -	\$ 673,374	\$ -
OPWC loans	<u>380,203</u>	<u>60,310</u>	<u>410,086</u>	<u>58,611</u>
Total	<u>\$ 889,820</u>	<u>\$ 60,310</u>	<u>\$ 1,083,460</u>	<u>\$ 58,611</u>

The County's total legal debt margin was \$124,907,321 at December 31, 2021 and the unvoted legal debt margin was \$65,655,010. See Note 16 in the notes to the basic financial statements for detail on governmental activities and business-type activities long-term obligations.

Economic Factors and Next Year's Budget

The County's unemployment rate is 2.4%, 2.1% lower than the state rate of 4.5% (December 2021). Unfortunately, the United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. In 2021, the State lifted its state of emergency, but the United States state of emergency remains in effect. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and any recovery from emergency funding, federal or state, cannot be estimated.

The County received monies from the American Rescue Plan Act in 2021 and will begin using the funds in 2022.

The Sewers, business-type activities, should remain relatively unchanged for 2022.

Ditch note debt incurred since January 1, 2022 is \$95,214.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Auglaize County Auditor's office by calling 419-739-6705 or writing the County Auditor at, 209 S Blackhoof St, Suite 102, Wapakoneta, Ohio 45895.

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AUGLAIZE COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 40,871,294	\$ 1,230,671	\$ 42,101,965
Cash and cash equivalents in segregated accounts	45,903	-	45,903
Cash and cash equivalents with fiscal agent	2,498,016	-	2,498,016
Receivables:			
Sales taxes	1,783,939	-	1,783,939
Property taxes	7,145,335	-	7,145,335
Accounts	615,111	82,257	697,368
Special assessments	595,820	60,310	656,130
Accrued interest	72,504	-	72,504
Due from other governments	5,071,679	-	5,071,679
Materials and supplies inventory	750,636	-	750,636
Prepayments	374,931	-	374,931
Net OPEB asset	1,788,222	-	1,788,222
Internal balance	12,525	(12,261)	264
Capital assets:			
Land and construction in progress	3,162,827	107,586	3,270,413
Depreciable capital assets, net	45,043,237	2,921,098	47,964,335
Total capital assets, net	<u>48,206,064</u>	<u>3,028,684</u>	<u>51,234,748</u>
Total assets	<u>109,831,979</u>	<u>4,389,661</u>	<u>114,221,640</u>
Deferred outflows of resources:			
Pension	2,580,997	-	2,580,997
OPEB	1,074,615	-	1,074,615
Total deferred outflows of resources	<u>3,655,612</u>	<u>-</u>	<u>3,655,612</u>
Liabilities:			
Accounts payable	786,740	4,139	790,879
Accrued wages and benefits payable	435,938	-	435,938
Due to other governments	645,268	60,152	705,420
Due to clients	-	1,613	1,613
Accrued interest payable	5,373	-	5,373
Undistributed assets	45,903	-	45,903
Employee withholdings payable	123,912	-	123,912
Unearned revenue	4,434,072	-	4,434,072
Long-term liabilities:			
Due within one year	1,117,392	3,174	1,120,566
Due in more than one year:			
Net pension liability	15,228,892	-	15,228,892
Other amounts due in more than one year	1,766,494	57,136	1,823,630
Total liabilities	<u>24,589,984</u>	<u>126,214</u>	<u>24,716,198</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,993,721	-	6,993,721
Pension	7,296,403	-	7,296,403
OPEB	5,895,868	-	5,895,868
Total deferred inflows of resources	<u>20,185,992</u>	<u>-</u>	<u>20,185,992</u>
Net position:			
Net investment in capital assets	47,402,447	2,968,374	50,370,821
Restricted for:			
Debt service	703,322	-	703,322
Capital projects	67,770	-	67,770
Other purposes	14,810,722	-	14,810,722
Unrestricted (deficit)	<u>5,727,354</u>	<u>1,295,073</u>	<u>7,022,427</u>
Total net position	<u>\$ 68,711,615</u>	<u>\$ 4,263,447</u>	<u>\$ 72,975,062</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive	\$ 2,819,049	\$ 1,885,272	\$ 357,342	\$ 88,327
Judicial	818,287	1,283,425	458,261	-
Public safety	3,182,347	576,519	425,721	-
Public works	6,169,556	3,281,081	4,074,079	81,688
Health	5,405,709	1,676,720	3,058,093	-
Human services	3,662,174	130,000	4,358,292	219,645
Other	2,217,797	1,500	-	-
Interest and fiscal charges	14,447	-	-	-
Total governmental activities	<u>24,289,366</u>	<u>8,834,517</u>	<u>12,731,788</u>	<u>389,660</u>
Business-type activities:				
Auglaize Acres	385,550	-	-	-
Sewers	593,399	567,920	-	-
Total business-type activities	<u>978,949</u>	<u>567,920</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 25,268,315</u>	<u>\$ 9,402,437</u>	<u>\$ 12,731,788</u>	<u>\$ 389,660</u>

General revenues:

Property taxes levied for:

 General purposes

 Other purposes

Sales taxes levied for:

 General purposes

 Other purposes

 Capital outlay

Grants and entitlements not restricted to specific programs

(Decrease) in fair value of investments

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues 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 (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (488,108)	\$ -	\$ (488,108)
923,399	-	923,399
(2,180,107)	-	(2,180,107)
1,267,292	-	1,267,292
(670,896)	-	(670,896)
1,045,763	-	1,045,763
(2,216,297)	-	(2,216,297)
(14,447)	-	(14,447)
<u>(2,333,401)</u>	<u>-</u>	<u>(2,333,401)</u>
-	(385,550)	(385,550)
-	(25,479)	(25,479)
-	(411,029)	(411,029)
<u>(2,333,401)</u>	<u>(411,029)</u>	<u>(2,744,430)</u>
2,669,839	-	2,669,839
4,074,550	-	4,074,550
9,291,504	-	9,291,504
788,830	-	788,830
2,416,214	-	2,416,214
1,310,952	-	1,310,952
(307,243)	-	(307,243)
182,376	-	182,376
1,047,512	4,566	1,052,078
<u>21,474,534</u>	<u>4,566</u>	<u>21,479,100</u>
<u>1,364,388</u>	<u>(1,364,388)</u>	<u>-</u>
<u>22,838,922</u>	<u>(1,359,822)</u>	<u>21,479,100</u>
20,505,521	(1,770,851)	18,734,670
48,206,094	6,034,298	54,240,392
<u>\$ 68,711,615</u>	<u>\$ 4,263,447</u>	<u>\$ 72,975,062</u>

AUGLAIZE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>MVGT</u>	<u>ACDD</u>	<u>Local Fiscal Recovery</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 14,786,465	\$ 1,081,383	\$ 7,960,149	\$ 4,434,072
Cash and cash equivalents with fiscal agent	-	-	2,498,016	-
Cash and cash equivalents in segregated accounts	44,803	-	-	-
Receivables:				
Sales taxes	867,725	-	-	-
Property taxes	2,759,398	-	4,385,937	-
Accounts	164,366	72,341	87,655	-
Special assessments	-	-	-	-
Accrued interest	35,185	-	-	-
Due from other funds	648,772	3,638	-	-
Due from other governments	1,061,720	2,908,286	383,134	-
Materials and supplies inventory	95,430	648,203	1,711	-
Prepayments	241,235	23,868	4,663	-
Total assets	<u>\$ 20,705,099</u>	<u>\$ 4,737,719</u>	<u>\$ 15,321,265</u>	<u>\$ 4,434,072</u>
Liabilities:				
Accounts payable	\$ 281,754	\$ 60,588	\$ 26,605	\$ -
Accrued wages and benefits payable	247,387	47,758	58,930	-
Due to other governments	203,022	26,397	46,364	-
Due to other funds	13,707	6,236	132	-
Unearned revenue	-	-	-	4,434,072
Undistributed assets	44,803	-	-	-
Employee withholding payable	81,035	13,711	10,924	-
Total liabilities	<u>871,708</u>	<u>154,690</u>	<u>142,955</u>	<u>4,434,072</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,709,248	-	4,284,473	-
Revenue not available:				
Delinquent property tax	50,150	-	101,464	-
Intergovernmental	731,737	1,969,877	342,440	-
Special assessments	-	-	-	-
Accrued interest	27,603	-	-	-
Total deferred inflows of resources	<u>3,518,738</u>	<u>1,969,877</u>	<u>4,728,377</u>	<u>-</u>
Fund balances:				
Nonspendable	1,017,593	672,071	6,374	-
Restricted	-	1,941,081	10,443,559	-
Committed	-	-	-	-
Assigned	3,956,013	-	-	-
Unassigned (deficit)	11,341,047	-	-	-
Total fund balances	<u>16,314,653</u>	<u>2,613,152</u>	<u>10,449,933</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,705,099</u>	<u>\$ 4,737,719</u>	<u>\$ 15,321,265</u>	<u>\$ 4,434,072</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 12,379,028	\$ 40,641,097
-	2,498,016
1,100	45,903
916,214	1,783,939
-	7,145,335
290,688	615,050
595,820	595,820
37,319	72,504
357,312	1,009,722
611,608	4,964,748
5,292	750,636
105,165	374,931
<u>\$ 15,299,546</u>	<u>\$ 60,497,701</u>

\$ 417,793	\$ 786,740
81,118	435,193
368,904	644,687
892,564	912,639
-	4,434,072
1,100	45,903
17,369	123,039
<u>1,778,848</u>	<u>7,382,273</u>

-	6,993,721
-	151,614
441,391	3,485,445
595,820	595,820
37,319	64,922
<u>1,074,530</u>	<u>11,291,522</u>

189,640	1,885,678
6,446,793	18,831,433
5,839,666	5,839,666
-	3,956,013
(29,931)	11,311,116
<u>12,446,168</u>	<u>41,823,906</u>
<u>\$ 15,299,546</u>	<u>\$ 60,497,701</u>

AUGLAIZE COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances		\$	41,823,906
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			48,206,064
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Real and other taxes receivable	\$	151,614	
Intergovernmental receivable		3,485,445	
Special assessments receivable		595,820	
Accrued interest receivable		64,922	
Total		4,297,801	4,297,801
Internal service funds are used by management to charge the cost of insurance and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, less \$142,543 and \$19,313 for net pension and net OPEB assets/liabilities and related deferred inflows/outflows included below.			250,432
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.			(5,373)
The net Pension/OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:			
Deferred outflows of resources - pension		2,580,997	
Deferred inflows of resources - pension		(7,296,403)	
Net Pension liability.		(15,228,892)	
Deferred outflows of resources - OPEB		1,074,615	
Deferred inflows of resources - OPEB		(5,895,868)	
Net OPEB asset		1,788,222	
Total		(22,977,329)	(22,977,329)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(1,994,066)	
Special assessment notes		(509,617)	
OPWC loans		(380,203)	
Total		(2,883,886)	(2,883,886)
Net position of governmental activities		\$	68,711,615

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>MVGT</u>	<u>ACDD</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 2,660,580	\$ -	\$ 4,054,010	\$ -	\$ 6,714,590
Sales and permissive taxes	9,291,504	617,989	-	2,579,990	12,489,483
Interest	153,353	1,019	101	248	154,721
Licenses and permits	3,330	-	-	-	3,330
Fines and forfeitures	519,957	44,531	-	335,202	899,690
Intergovernmental	2,099,919	5,594,609	2,486,596	4,764,010	14,945,134
Charges for services	2,162,033	650,914	-	2,634,148	5,447,095
Special assessments	-	-	-	1,051,002	1,051,002
(Decrease) in fair value of investments	(307,243)	-	-	-	(307,243)
Other	370,747	10,934	188,076	1,351,390	1,921,147
Total revenues	<u>16,954,180</u>	<u>6,919,996</u>	<u>6,728,783</u>	<u>12,715,990</u>	<u>43,318,949</u>
Expenditures:					
Current:					
General government:					
Legislative and executive	4,212,035	-	-	799,008	5,011,043
Judicial	2,097,537	-	-	282,100	2,379,637
Public safety	6,985,092	-	-	736,399	7,721,491
Public works	307,889	6,551,224	-	539,449	7,398,562
Health	113,852	-	5,780,954	1,741,718	7,636,524
Human services	353,674	-	-	5,426,794	5,780,468
Other	2,071,413	-	-	147,098	2,218,511
Capital outlay	-	-	-	646,391	646,391
Debt service:					
Principal retirement	-	-	-	193,640	193,640
Interest and fiscal charges	-	-	-	16,364	16,364
Total expenditures	<u>16,141,492</u>	<u>6,551,224</u>	<u>5,780,954</u>	<u>10,528,961</u>	<u>39,002,631</u>
Excess of revenues over expenditures	<u>812,688</u>	<u>368,772</u>	<u>947,829</u>	<u>2,187,029</u>	<u>4,316,318</u>
Other financing sources (uses):					
Sale of capital assets	5,024	4,550	-	29,009	38,583
Transfers in	1,374,322	-	-	389,200	1,763,522
Transfers (out)	(300,000)	(30,234)	-	(68,900)	(399,134)
Total other financing sources (uses)	<u>1,079,346</u>	<u>(25,684)</u>	<u>-</u>	<u>349,309</u>	<u>1,402,971</u>
Net change in fund balances	1,892,034	343,088	947,829	2,536,338	5,719,289
Fund balances at beginning of year	<u>14,422,619</u>	<u>2,270,064</u>	<u>9,502,104</u>	<u>9,909,830</u>	<u>36,104,617</u>
Fund balances at end of year	<u>\$ 16,314,653</u>	<u>\$ 2,613,152</u>	<u>\$ 10,449,933</u>	<u>\$ 12,446,168</u>	<u>\$ 41,823,906</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds	\$	5,719,289
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 5,150,626	
Current year depreciation	<u>(3,319,267)</u>	
Total		1,831,359
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(1,416,469)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real and other taxes	29,798	
Intergovernmental revenues	261,197	
Special assessments	(173,340)	
Investment income	10,854	
Charges for services	<u>(17,174)</u>	
Total		111,335
Repayment of note and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		193,640
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable		1,917
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		40,724
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		2,223,238
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	408,279	
OPEB	<u>11,195,267</u>	
Total		11,603,546
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>196,942</u>
Change in net position of governmental activities	\$	<u>20,505,521</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 2,614,821	\$ 2,614,821	\$ 2,586,351	\$ (28,470)
Sales and permissive taxes	7,196,000	7,196,000	10,070,382	2,874,382
Charges for services	1,543,500	1,543,500	1,813,033	269,533
Licenses and permits	2,650	2,650	3,255	605
Fines and forfeitures	506,700	506,700	532,391	25,691
Intergovernmental	1,806,862	1,806,862	1,987,454	180,592
Investment income	250,000	250,000	155,686	(94,314)
Other	1,092,806	1,092,806	1,235,460	142,654
Total revenues	<u>15,013,339</u>	<u>15,013,339</u>	<u>18,384,012</u>	<u>3,370,673</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,162,970	5,162,970	4,432,345	730,625
Judicial	2,427,864	2,427,864	1,971,033	456,831
Public safety	7,950,244	7,950,244	6,928,563	1,021,681
Public works	550,643	550,643	408,419	142,224
Health	122,924	122,924	113,852	9,072
Human services	760,793	760,793	711,178	49,615
Other	2,508,496	2,508,496	2,163,130	345,366
Total expenditures	<u>19,483,934</u>	<u>19,483,934</u>	<u>16,728,520</u>	<u>2,755,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,470,595)</u>	<u>(4,470,595)</u>	<u>1,655,492</u>	<u>6,126,087</u>
Other financing sources (uses):				
Sale of capital assets	15,000	15,000	6,039	(8,961)
Advances in	2,000	2,000	2,000	-
Advances (out)	-	-	(143,912)	(143,912)
Transfers in	-	-	1,383,411	1,383,411
Transfers (out)	(335,000)	(335,000)	(82,532)	252,468
Other financing sources	10,200	10,200	21,951	11,751
Other financing uses	(15,000)	(15,000)	(2,529)	12,471
Total other financing sources (uses)	<u>(322,800)</u>	<u>(322,800)</u>	<u>1,184,428</u>	<u>1,507,228</u>
Net change in fund balances	(4,793,395)	(4,793,395)	2,839,920	7,633,315
Fund balances at beginning of year	10,642,463	10,642,463	10,642,463	-
Prior year encumbrances appropriated	79,589	79,589	79,589	-
Fund balance at end of year	<u>\$ 5,928,657</u>	<u>\$ 5,928,657</u>	<u>\$ 13,561,972</u>	<u>\$ 7,633,315</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MVGT
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales and permissive taxes	\$ 565,000	\$ 565,000	\$ 618,240	\$ 53,240
Charges for services	450,000	450,000	617,733	167,733
Fines and forfeitures	30,000	30,000	43,029	13,029
Intergovernmental	5,240,000	5,240,000	5,543,839	303,839
Investment income	3,000	3,000	1,202	(1,798)
Other	255,000	255,000	374,924	119,924
Total revenues	<u>6,543,000</u>	<u>6,543,000</u>	<u>7,198,967</u>	<u>655,967</u>
Expenditures:				
Current:				
Public works				
Personal services	2,911,984	2,911,984	2,749,144	162,840
Materials and supplies	1,888,612	1,888,612	1,820,689	67,923
Charges and services	2,152,471	2,152,471	2,025,257	127,214
Capital outlay and equipment	519,896	519,896	511,434	8,462
Other operating expense	30,470	30,470	27,952	2,518
Total expenditures	<u>7,503,433</u>	<u>7,503,433</u>	<u>7,134,476</u>	<u>368,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(960,433)</u>	<u>(960,433)</u>	<u>64,491</u>	<u>1,024,924</u>
Other financing sources (uses):				
Transfers (out)	<u>(30,234)</u>	<u>(30,234)</u>	<u>(30,234)</u>	<u>-</u>
Net change in fund balances	(990,667)	(990,667)	34,257	1,024,924
Fund balances at beginning of year	887,481	887,481	887,481	-
Prior year encumbrances appropriated	103,186	103,186	103,186	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024,924</u>	<u>\$ 1,024,924</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ACDD
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 4,175,914	\$ 4,175,914	\$ 3,922,768	\$ (253,146)
Intergovernmental	1,295,478	1,295,478	1,410,457	114,979
Investment income	250	250	121	(129)
Other	115,800	115,800	277,338	161,538
Total revenues	<u>5,587,442</u>	<u>5,587,442</u>	<u>5,610,684</u>	<u>23,242</u>
Expenditures:				
Current:				
Health				
Personal services	2,424,845	2,424,845	2,373,185	51,660
Materials and supplies	134,548	134,548	23,380	111,168
Charges and services	2,494,150	2,494,150	2,423,215	70,935
Capital outlay and equipment	29,694	29,694	17,572	12,122
Other operating expense	20,000	20,000	6,461	13,539
Total expenditures	<u>5,103,237</u>	<u>5,103,237</u>	<u>4,843,813</u>	<u>259,424</u>
Net change in fund balances	484,205	484,205	766,871	282,666
Fund balances at beginning of year	7,010,334	7,010,334	7,010,334	-
Prior year encumbrances appropriated	10,932	10,932	10,932	-
Fund balance at end of year	<u>\$ 7,505,471</u>	<u>\$ 7,505,471</u>	<u>\$ 7,788,137</u>	<u>\$ 282,666</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL FISCAL RECOVERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ 4,434,072	\$ 4,434,072	\$ -
Net change in fund balances	-	4,434,072	4,434,072	-
Fund balances at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 4,434,072</u>	<u>\$ 4,434,072</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities - Enterprise Fund Sewers	Governmental Activities - Internal Service Funds
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,230,671	\$ 230,197
Receivables:		
Accounts	82,257	61
Special assessments	60,310	-
Due from other funds	-	22,373
Due from other governments	-	106,931
	1,373,238	359,562
Total current assets		
Noncurrent assets:		
Net OPEB asset	-	13,261
Capital assets:		
Land and construction in progress	107,586	-
Depreciable capital assets, net	2,921,098	-
Total noncurrent assets	3,028,684	13,261
Total assets	4,401,922	372,823
Deferred outflows of resources:		
Pension	-	19,140
OPEB	-	7,945
Total deferred outflows of resources	-	27,085
Liabilities:		
Current liabilities:		
Accounts payable	4,139	-
Accrued wages and benefits payable	-	745
Due to other funds	12,261	106,931
Due to other governments	60,152	581
Due to clients	1,613	-
Employee withholding payable	-	873
OPWC loans payable	3,174	-
Total current liabilities	81,339	109,130
Long-term liabilities:		
OPWC loans payable	57,136	-
Net pension liability	-	112,938
Total long-term liabilities	57,136	112,938
Total liabilities	138,475	222,068
Deferred inflows of resources:		
Pension	-	48,745
OPEB	-	40,519
Total deferred inflows of resources	-	89,264
Net position:		
Net investment in capital assets	2,968,374	-
Unrestricted	1,295,073	88,576
Total net position	\$ 4,263,447	\$ 88,576

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Auglaize Acres	Sewers	Total	Activities - Internal Service Funds
Operating revenues:				
Charges for services	-	564,988	564,988	4,347,102
Special assessments	-	2,932	2,932	-
Other	-	-	-	37
Total operating revenues	<u>-</u>	<u>567,920</u>	<u>567,920</u>	<u>4,347,139</u>
Operating expenses:				
Personal services	4,060	-	4,060	294,896
Contractual services	443	453,706	454,149	3,784,441
Materials and supplies	-	1,268	1,268	217,209
Other	4,720	-	4,720	15,722
Depreciation	-	138,425	138,425	-
Total operating expenses	<u>9,223</u>	<u>593,399</u>	<u>602,622</u>	<u>4,312,268</u>
Operating income (loss)	<u>(9,223)</u>	<u>(25,479)</u>	<u>(34,702)</u>	<u>34,871</u>
Nonoperating revenues (expenses):				
Interest income	-	-	-	52
Other nonoperating revenues	1,566	3,000	4,566	163
Loss of disposal of operations	(376,327)	-	(376,327)	-
Total nonoperating revenues (expenses)	<u>(374,761)</u>	<u>3,000</u>	<u>(371,761)</u>	<u>215</u>
Income (loss) before transfers	(383,984)	(22,479)	(406,463)	35,086
Transfer in	-	9,934	9,934	-
Transfer (out)	<u>(1,374,322)</u>	<u>-</u>	<u>(1,374,322)</u>	<u>-</u>
Change in net position	(1,758,306)	(12,545)	(1,770,851)	35,086
Net position at beginning of year	<u>1,758,306</u>	<u>4,275,992</u>	<u>6,034,298</u>	<u>53,490</u>
Net position at end of year	<u>\$ -</u>	<u>\$ 4,263,447</u>	<u>\$ 4,263,447</u>	<u>\$ 88,576</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Auglaize</u>			Activities -
	<u>Acres</u>	<u>Sewers</u>	<u>Total</u>	Internal
				Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 18,584	\$ 567,748	\$ 586,332	\$ 355,760
Cash received from interfund services provided	-	-	-	3,986,089
Cash payments to employees	(5,232)	-	(5,232)	(135,746)
Cash payments for contractual services	(443)	(424,606)	(425,049)	(3,784,441)
Cash payments for materials and supplies	-	(1,268)	(1,268)	(231,973)
Cash payments for other operations	(4,720)	-	(4,720)	(15,722)
Net cash provided by operating activities	<u>8,189</u>	<u>141,874</u>	<u>150,063</u>	<u>173,967</u>
Cash flows from noncapital financing activities:				
Cash received from transfers in	-	9,934	9,934	-
Cash used in transfers out	(1,374,322)	-	(1,374,322)	-
Cash received from other nonoperating activities	1,566	3,000	4,566	155
Cash used in repayment of interfund loans	-	(5,434)	(5,434)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,372,756)</u>	<u>7,500</u>	<u>(1,365,256)</u>	<u>155</u>
Cash flows from capital and related financing activities:				
financing activities:				
Acquisition of capital assets	-	(36,189)	(36,189)	-
Principal paid on OPWC loans	-	(3,174)	(3,174)	-
Proceeds of OPWC loans	-	4,873	4,873	-
Net cash (used in) capital and related financing activities	<u>-</u>	<u>(34,490)</u>	<u>(34,490)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,364,567)	114,884	(1,249,683)	174,122
Cash and cash equivalents at beginning of year	<u>1,364,567</u>	<u>1,115,787</u>	<u>2,480,354</u>	<u>56,075</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,230,671</u>	<u>\$ 1,230,671</u>	<u>\$ 230,197</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (9,223)	\$ (25,479)	\$ (34,702)	\$ 34,871
Adjustments:				
Depreciation	-	138,425	138,425	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	23,304	1,351	24,655	(53)
(Increase) in special assessments receivable	-	(1,699)	(1,699)	-
(Increase) in due from other funds	-	-	-	(8,011)
Decrease in due from other governments	-	-	-	2,113
(Increase) in deferred outflows - pension	-	-	-	(19,140)
(Increase) in deferred outflows - OPEB	-	-	-	(7,945)
(Increase) in net OPEB asset	-	-	-	(13,261)
(Decrease) in deposits held and due to others	(4,720)	-	(4,720)	-
(Decrease) in employee payroll withholding	-	-	-	(30)
(Decrease) in accounts payable	-	(31,052)	(31,052)	(14,764)
(Decrease) in accrued wages and benefits	-	-	-	(1,491)
Increase in due to other funds	-	-	-	661
Increase (decrease) in due to other governments	(1,172)	60,152	58,980	(1,080)
Increase in due to clients	-	176	176	-
Increase in net pension liability	-	-	-	112,938
Increase in deferred inflows - pension	-	-	-	48,745
Increase in deferred inflows - OPEB	-	-	-	40,519
(Decrease) in compensated absences payable	-	-	-	(105)
Net cash provided by operating activities	<u>\$ 8,189</u>	<u>\$ 141,874</u>	<u>\$ 150,063</u>	<u>\$ 173,967</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021

	Custodial
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,376,831
Cash in cash equivalents in segregated accounts	910,138
Receivables (net of allowances for uncollectibles):	
Property taxes	64,970,078
Special assessments	1,077,898
Accounts	9,937
Due from other governments	7,883,313
Total assets	77,228,195
Liabilities:	
Accounts payable	64,505
Accrued wages and benefits	34,330
Due to other governments	5,482,951
Due to other funds	264
Undistributed assets	910,138
Employee withholdings payable	8,073
Total liabilities	6,500,261
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	64,744,465
Delinquent property tax revenue not available	225,613
Total deferred inflows of resources	64,970,078
Net position:	
Restricted for individuals, organizations and other governments	\$ 5,757,856

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGLAIZE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial
Additions:	
Intergovernmental	\$ 10,396,125
Amounts received as fiscal agent	2,837,255
Licenses, permits and fees for other governments	991,543
Property tax collections for other governments	43,099,734
Other custodial collections	72,313
Total additions	57,396,970
Deductions:	
Distributions to the State of Ohio	2,750
Distributions of state funds to other governments	5,473,695
Distributions as fiscal agent	2,938,279
Licenses, permits and fees distributions to other governments	973,242
Property tax distributions to other governments	43,099,735
Other custodial disbursements	72,313
Total deductions	52,560,014
Change in net position	4,836,956
Net position beginning of year	920,900
Net position end of year	\$ 5,757,856

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE ENTITY

Auglaize County, Ohio (The County) was formed by an act of the Legislature on February 14, 1848. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

A. Reporting Entity

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", as amended by GASB Statement No. 61. "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." The basic financial statements include all funds, agencies, boards, commissions, and other component units for which Auglaize County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Certain funds are legally separate from the County, however, their activity is so intertwined with that of the County that they are reported as part of the County. The following funds have been included or blended into the County's basic financial statements:

Auglaize County Children's Services Board (CSB)

The County Commissioners approve the budget for the CSB and are substantially involved in its operation. The operations of the CSB are accounted for as a separate special revenue fund.

The Auglaize County Board of Developmental Disabilities

The Board is appointed by the Probate Judge and the County Commissioners. The Commissioners serve as the appropriating authority for the Board and are "accountable" for its activities. The operations of ACDD are accounted for as a separate special revenue (major) fund.

B. Discretely Presented Component Unit

Auglaize County Airport Authority

The Commissioners are substantially involved in the operations of the Airport Authority. The operations of the Airport Authority are accounted for using proprietary fund accounting. The Airport Authority meets the requirements and qualifies as a component unit of the County; however, it has not been presented in the financial statements or note disclosure as it is considered immaterial. Complete financial statements may be obtained from the Auglaize County Airport Authority, 07776 St. Rt. 219, New Knoxville, OH 45871.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE ENTITY - (Continued)

C. Potential Component Units Reported As Custodial Funds

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not accountable as defined in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, accordingly, the activity of the following districts and agencies are included in the financial statements as custodial funds:

- Auglaize County General Health District
- Auglaize County Soil and Water Conservation District
- Auglaize County Regional Planning Commission
- Auglaize County Family and Children First Council
- Heritage Trails Park District

D. Excluded Potential Component Units

The County is not accountable, as defined in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, for the following entities and is not involved with their activities in any substantial capacity; accordingly their activities have been excluded from the County's basic financial statements.

- Auglaize County Public District Library
- Auglaize County Agricultural Society
- Auglaize County Cooperative Extension Services
- Auglaize County Historical Society
- Auglaize County Council on Aging
- Auglaize County Child Abuse and Neglect Advisory Board
- Auglaize County Humane Society

The County is associated with the following risk pools, jointly governed organizations and joint ventures which are described in Notes 18 through 20.

- Midwest Pool Risk Management Agency, Inc.
- Midwest Employee Benefit Consortium
- County Commissioner Association of Ohio Workers' Compensation Group Rating Plan
- Auglaize County Regional Planning Commission
- Workforce Innovations and Opportunity Act Consortium of Auglaize, Hardin, Mercer and Van Wert Counties
- West Central Ohio Network
- Auglaize and Mercer Counties Convention and Visitors' Bureau
- Volunteer Peace Officers Dependents Fund Board
- Grand Lake St Marys Restoration Community Improvement Corporation
- Grand Lake St. Marys Lake Facilities Authority
- Grand Lake Task Force
- Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties

The accounting policies and practices of Auglaize County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant of the County's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

1. Government-wide Statements

The statement of net position and the statement of activities display information about the government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function for the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

All remaining governmental and proprietary funds are aggregated and reported as non-major funds. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

a. Governmental Funds

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

The following are the County's major governmental funds:

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

Motor Vehicle License and Gasoline Tax (MVGT) Fund - The Motor Vehicle License and Gasoline Tax fund accounts for gasoline tax and license revenue used for road and bridge maintenance in the County.

Auglaize County Development Disabilities (ACDD) Fund - The Auglaize County Developmental Disabilities Fund accounts for a County-wide property tax levy, state grants and reimbursements used to provide comprehensive education and rehabilitation programs and services to developmentally disabled individuals residing in the county.

Local Fiscal Recovery Fund - The Local Fiscal Recovery fund accounts for American Rescue Plan Act funds received by the County from the Federal government.

b. **Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are used to account for the County's ongoing activities which are financed and operated in a manner similar to the private sector.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user fees or charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control or accountability. The County's enterprise funds consisted of Auglaize Acres, which accounted for activity pertaining to the County nursing home (which was sold December 26, 2018), and the Sewers Funds, which accounts for sewer revenue fees used for sewer maintenance in the County. Auglaize Acres, despite being sold in 2018, is reported as a separate major fund in the 2021 financial statements due to the residual financial activity that occurred throughout 2021 related to the uncollected revenues that existed for the County at the date of the sale. The County closed the Auglaize Acres fund during 2021 in transferring \$1,374,322 from the fund to the general fund. This also resulted in a reported loss of disposal of operations in the amount of \$376,327 for the Auglaize Acres fund.

Internal Service Funds - These funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The County's internal service funds account for monies received from the activities of the insurance programs for employee health, vision, drug card benefits and flexible spending; and for various rotary services such as police protection, gasoline and salt.

c. **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.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The County's fiduciary funds are custodial funds. The custodial funds account for assets held by the County as fiscal agent for the Board of Health and other districts and entities; for various taxes, assessments, fines and fees collected for the benefit of and distributed to other governments; for State shared resources received from the State and distributed to other local governments; and for the distribution of employee payroll withholdings.

B. Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, deferred outflows and all liabilities, deferred inflows associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows and current liabilities, deferred inflows are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets, deferred outflows and all liabilities, deferred inflows associated with the operation of these funds are included on the statement of fund net position.

The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in the total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

1. Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, casino revenue, grants, entitlements and donations. On an accrual basis, revenue from sales taxes and casino revenue are recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax, interest, casino revenue, federal and state grants and subsidies, state levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

2. Deferred Inflows of Resources and Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Note 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, intergovernmental grants, special assessments and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

3. Expenses/Expenditures

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

4. Pensions/Other Postemployment Benefits (OPEB)

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

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by County Commissioners. The legal level of control has been established by the County Commissioners at the personal services and other expense classification levels within each department for the General Fund and for all other funds.

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled, except for cash held by a trustee or fiscal agent and in segregated accounts. Monies for all funds, including proprietary funds are included in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is reported as "Equity in Pooled Cash and Cash Equivalents." Cash and cash equivalents that are held separately within departments of the County, or in outside accounts in the name of various elected officials or departments are reported as "Cash and Cash Equivalents in Segregated Accounts." Cash held by the West Central Ohio Network (WestCon) on behalf of the County is reported as "Cash and Cash Equivalents with Fiscal Agent".

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

During 2021, investments were limited to money market funds, US Agency notes and bonds, and negotiable CDs. Except for money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at acquisition value which is based on quoted market prices. Money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Following Ohio statutes, the County is required to credit all investment earnings to the General Fund, unless otherwise expressly required by law to allocate to other funds. Interest is distributed to the General Fund, the Motor Vehicle License and Gasoline Tax Special Revenue Fund, St. Marys River Project Special Revenue Fund, the HAVA Cyber Security Special Revenue Fund, the Board of Election's Cares Act Grant, the Auglaize School Workshop Bond Retirement Fund, and the Auglaize School Group Home Special Revenue Fund. Total investment revenue earned during 2021 was \$157,075. The General Fund was credited \$155,686 and of this amount \$101,476 was assigned from other funds. Adjusting entries resulted in the General fund reporting \$153,353 of interest revenue on the GAAP basis.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Inventory of Supplies

Inventories are stated at lower of cost or market value on a first-in, first-out basis. The costs of inventory items are expensed when consumed or used.

G. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. Using these criteria, the County has elected not to record child support arrearages or various court receivables within the special revenue and custodial funds. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

I. Inter-fund Receivables and Payables

On the fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

J. Capital Assets and Depreciation

The capital asset values were initially determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost. The cost of interest on debt issued for construction in progress is not capitalized. The County maintains a capitalization threshold of five thousand dollars.

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported on the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

Infrastructure assets are reported as part of Capital Assets Being Depreciated in the governmental activities column. Infrastructure reported in the governmental activities column consists of County bridges and roads. In addition, expenditures made by the County to preserve existing bridges and roads are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized.

Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds. All reported capital assets are depreciated except for land, some land improvements and construction in progress.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Sewer and Water Treatment Plants and Lines	50 years
Buildings and Improvements	10-30 years
Bridges	40 years
Roads	15 years
Cruisers	2 years
Furniture and Fixtures	10-20 years
Machinery and Equipment	7-15 years
Licensed Vehicles (except Cruisers)	6 years
Software	3 years

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on length of service and department policy. The entire compensated absence liability is reported on the government-wide financial statements.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims, judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

M. Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for specific county operations and federal and state grants restricted to expenditure for specified purposes.

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

N. Capital Contributions

Capital contributions arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction or transfers of capital assets between governmental and business type activities. These assets are recorded at their acquisition value on the date contributed. Contributed resources are reported as capital contributions within the financial statements pursuant to GASB 33 "*Accounting and Reporting for Non-exchange Transactions*".

O. Fund Balance

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

Non-spendable – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term portion related to due from other funds..

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Restricted – The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributions, or law or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions). Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate, payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. The 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.

In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Commissioners or by 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 spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services, as well as charges for internal service fund activities. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Q. Inter-fund Transactions

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and other non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

R. Use of Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2021, the County has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the County.

For 2021, the County has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the County.

For 2021, the County has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. 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.

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

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. Deficit Fund Balances

Fund balances at December 31, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
WIOA	\$ 26,010
New Hampshire Grant	3,540
EMA Tornado Siren Grant	381

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual are presented in the basic financial statements for the General Fund and Major Special Revenue Funds.

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as assigned, committed, or restricted for governmental fund types (GAAP).

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

Net Change in Fund Balance				
General and Major Special Revenue Funds				
	General	Motor Vehicle License and Gasoline Tax	Auglaize County Development Disabilities	Local Fiscal Recovery Fund
Budget Basis	\$ 2,839,920	\$ 34,257	\$ 766,871	\$ 4,434,072
Net Adjustments:				
Revenue accruals	(1,750,063)	(278,971)	1,118,099	(4,434,072)
Expense accruals	695,165	540,504	(998,336)	-
Other financing sources/uses	(174,246)	4,550	-	-
Funds budgeted elsewhere	27,723	-	-	-
Encumbrances	253,535	42,748	61,195	-
GAAP Basis	<u>\$ 1,892,034</u>	<u>\$ 343,088</u>	<u>\$ 947,829</u>	<u>\$ -</u>

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal or 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. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit, or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio Plus);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (1) or (2) or cash or both cash and securities, equal value for equal value;
9. High grade commercial paper and bankers acceptances in an amount not to exceed up to twenty five percent of the County's total portfolio and corporate notes not to exceed up to fifteen percent of the County's total average portfolio; and

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days, commercial paper within 270 days, and corporate notes within two years after purchase.

All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt and the investment advisory committee specifically approves it. Investments must be purchased with the expectation that they 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.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Cash On Hand - At December 31, 2021, cash on hand amounted to \$2,300.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the County’s deposits was \$19,284,882. Of the County’s bank balance of \$19,933,638, \$18,549,910 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the County’s name.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of all securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of December 31, 2021, the County had the following investments with the listed maturity periods:

Measurement/ Investment type	Measurement Value	Investment Maturities			
		1 Year or Less	1 to 2 Years	2 to 3 Years	More than 3 Years
<i>Fair Value:</i>					
FFCB	\$ 1,977,620	\$ -	\$ 996,760	\$ 980,860	\$ -
FHLB	10,088,676	-	990,770	1,233,320	7,864,586
FHLMC	1,973,418	-	743,445	494,440	735,533
U.S. Treasury Notes	3,009,730	3,009,730	-	-	-
Negotiable CDs	4,576,239	1,199,831	1,694,581	1,208,545	473,282
U.S. Government Money Market Mutual Funds	4,521,974	4,521,974	-	-	-
Total	\$ 26,147,657	\$ 8,731,535	\$ 4,425,556	\$ 3,917,165	\$ 9,073,401

The County’s investment policy does not address any restriction on investments relating to interest rate (the risk that changes in interest rates will adversely affect the fair value of an investment), or custodial credit risks (the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party). The federal agency securities are subject to custodial risk since they are uninsured, unregistered, and held by the counterparty’s trust department or agent and not in the County’s name.

The investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date. All of the County’s investments carry a rating of Aaa by Moody’s.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

The County diversifies its investments by security, type, and the institution. The County addresses concentration of credit risk by requiring that with the exception of direct obligations of the U. S. Treasury, no more than 50 percent of the County’s total investment portfolio will be invested in a single security type or with a single financial institution.

The following table indicates the percentage of each investment to the total portfolio:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 1,977,620	7.56%
FHLB	10,088,676	38.59%
FHLMC	1,973,418	7.55%
U.S. Treasury Notes	3,009,730	11.51%
Negotiable CDs	4,576,239	17.50%
U.S. Government Money Market Mutual Funds	<u>4,521,974</u>	<u>17.29%</u>
Total	<u>\$ 26,147,657</u>	<u>100.00%</u>

Beginning in 2016, Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” was effective. Accordingly, 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, 2021. All of the County’s investments measured at fair value are valued using quoted market prices (Level 1 inputs).

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and public utility tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation update was completed for tax year 2021 (calendar year 2020). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

Property tax revenues received in 2021 represents the collection of 2020 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2021 became a lien on December 31, 2020, were levied after October 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value. Public utility real taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date.

Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2021. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2021 operations.

The full tax rate for all County operations for the year ended December 31, 2021, was \$9.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$ 991,044,150
Commercial/Industrial/Mineral	162,756,850
Public Utility Real	535,710
Tangible Personal Property:	
Public Utility	39,390,740
Total Assessed Value	<u>\$ 1,193,727,450</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution imposed a one and one half percent tax on all retail sales, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies 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 then has five days in which to draw the warrant payable to the County.

Proceeds of the permissive sales tax are to be credited to the General Fund with the exception of monthly amounts to be credited to the Permanent Improvement Fund. Effective January 1, 2021 the monthly distribution to the Permanent Improvement Fund increased from \$58,000 to \$150,000 per month. The sales tax revenue for 2021 amounted to \$9,291,504 in the General Fund due to GAAP journal entries, and \$2,579,990 was credited to the Permanent Improvement Fund. The use tax amounted to \$617,989 and was credited to the Motor Vehicle License and Gasoline Tax Fund.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2021. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - INTERFUND TRANSACTIONS

As of December 31, 2021, due from/to other funds that resulted from various inter-fund transactions were as follows:

Due To Other Funds	General	MVGT	Other Govtl	Internal Service	Total
General	\$ 13,707	\$ -	\$ -	\$ -	\$ 13,707
MVGT	-	-	6,236	-	6,236
ACDD	-	-	-	132	132
Other Governmental	622,804	3,638	244,145	21,977	892,564
Sewers	12,261	-	-	-	12,261
Internal Service	-	-	106,931	-	106,931
Custodial	-	-	-	264	264
Due From Other Funds	<u>\$ 648,772</u>	<u>\$ 3,638</u>	<u>\$ 357,312</u>	<u>\$ 22,373</u>	<u>\$ 1,032,095</u>

Operating Transfers	Transfer In	Transfer Out
General	\$ 1,374,322	\$ 300,000
MVGT	-	30,234
Sewers	9,934	-
Auglaize Acres	-	1,374,322
Other Governmental Funds:		
GLFT Matching	25,000	-
GLFT Mandatory Fine	-	25,000
Local Emergency Planning	-	8,400
Emergency Management	8,400	8,000
Children Services	300,000	-
Haz-Mat Equipment	8,000	-
Other Governmental	27,500	-
Ditch Debt Service	20,300	196
Ditch Construction	-	27,304
Total Other Governmental Funds	<u>389,200</u>	<u>68,900</u>
	<u>\$ 1,773,456</u>	<u>\$ 1,773,456</u>

AUGLAIZE COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 9 - RECEIVABLES

Receivables at December 31, 2021 consist of taxes, accounts (billings for user charged services), special assessments, interest, due from other funds, and due from other government receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. A summary of the principal items of due from other government receivables follows:

General Fund	<u>Amount</u>
Public Defender Reimbursement	\$ 250,498
Casino Revenue	319,986
Local Government	274,814
Homestead and Rollback	216,422
Total General Fund	<u>1,061,720</u>
MVGT Fund	
Motor Vehicle License Tax	789,440
Permissive Motor Vehicle License Tax	302,372
Gasoline Tax	1,816,474
Total MVGT Fund	<u>\$ 2,908,286</u>

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AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 – RECEIVABLES – (Continued)

DD Fund	Amount
Homestead and Rollback	\$ 342,440
Title XX	306
Title XIX	40,388
Total DD Fund	<u>383,134</u>
 Other Funds	
Jobs and Family Services Grant	298,936
DMR Family and Children First Council	7,136
New Hampshire Grant	56,114
Motor Vehicle Permissive Tax	81,507
CDBG	49,964
Childrens Services	19,721
JRIG Grant	13,880
DARE Grant	5,952
Airport Obstruction Removal Grant	4,900
PSI Writer Grant	7,772
Child Support Enforcement Agency Grant	65,726
Total Other Funds	<u>611,608</u>
Total Governmental Funds Due From Other Governments	<u>4,964,748</u>
 Internal Service	
Other Political Subdivisions	<u>106,931</u>
Total Internal Service Funds Due From Other Governments	106,931
 Total Due From Other Governments	 <u><u>\$ 5,071,679</u></u>

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AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 – RECEIVABLES - (Continued)

A summary of the principal items of accounts receivables follows:

General Fund	<u>Amount</u>
Fees	\$ 55,744
Charges for Services	108,622
Total General Fund	<u>164,366</u>
MVGT Fund	
Engineer Fees	72,341
ACDD Fund	
Other	87,655
Other Funds	
Fees	65,849
Recycle Sales	5,293
Charges for Services	210,935
Inmate Telephone	8,611
Total Other Funds	<u>290,688</u>
Total Governmental Funds Accounts Receivable	<u>615,050</u>
Internal Service	
Other	<u>61</u>
Sewer Funds	
South Grand Lake Sewer Charges	31,995
Villa Nova Sewer Charges	1,929
Sharlon Sewer Charges	2,209
Beverly Hills Sewer Charges	5,328
Sherwood Forest Sewer Charges	3,926
Pleasantview Sewer Charges	5,108
KZ Sewer Charges	2,670
Arrowhead Estates Sewer Charges	2,805
Uniopolis Sewer Charges	8,770
Country Club Hill Estates	1,798
Forest Lane Sewer Charges	3,339
Sandy Beach Sewer Charges	12,380
Total Sewer Funds	<u>82,257</u>
Total Accounts Receivable	<u>\$ 697,368</u>

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

<u>Governmental Activities</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2021</u>
Non Depreciable Assets:				
Land	\$ 2,382,301	\$ 219,310	\$ (24,034)	\$ 2,577,577
Construction in Progress	315,728	576,850	(307,328)	585,250
Total Non Depreciable	<u>2,698,029</u>	<u>796,160</u>	<u>(331,362)</u>	<u>3,162,827</u>
Depreciable Assets:				
Land Improvements	5,187,523	39,110	-	5,226,633
Buildings & Improvements	32,273,651	184,072	(303,383)	32,154,340
Infrastructure	53,467,558	2,623,873	(1,122,090)	54,969,341
Equipment, Furniture, Fixtures	16,441,284	1,814,739	(934,868)	17,321,155
Total Depreciable	<u>107,370,016</u>	<u>4,661,794</u>	<u>(2,360,341)</u>	<u>109,671,469</u>
Accumulated Depreciation:				
Land Improvements	(4,620,838)	(84,880)	-	(4,705,718)
Buildings & Improvements	(16,325,944)	(1,079,261)	67,464	(17,337,741)
Infrastructure	(29,374,427)	(2,042,513)	878,989	(30,537,951)
Equipment, Furniture, Fixtures	(11,955,662)	(112,613)	21,453	(12,046,822)
Total Accumulated Depreciation	<u>(62,276,871)</u>	<u>(3,319,267)</u>	<u>967,906</u>	<u>(64,628,232)</u>
Net Depreciable Assets	<u>45,093,145</u>	<u>1,342,527</u>	<u>(1,392,435)</u>	<u>45,043,237</u>
Total Governmental Activities				
Capital Assets (Net)	<u>\$ 47,791,174</u>	<u>\$ 2,138,687</u>	<u>\$ (1,723,797)</u>	<u>\$ 48,206,064</u>

Depreciation expense was charged to governmental programs as follows:

General Government - Legislative and Executive	\$ 774,293
General Government - Judicial	9,981
Public Safety	77,900
Public Works	2,315,142
Health	77,951
Human Services	64,000
Total Depreciation Expense	<u>\$ 3,319,267</u>

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS - (Continued)

Business-Type Activities	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021
Non Depreciable Assets:				
Land	\$ 100,686	\$ -	\$ -	\$ 100,686
Construction in Progress	121,071	9,773	(123,944)	6,900
Total Non Depreciable	<u>221,757</u>	<u>9,773</u>	<u>(123,944)</u>	<u>107,586</u>
Depreciable Assets:				
Buildings & Improvements	71,100	-	-	71,100
Sewer – Infrastructure	6,666,433	130,944	-	6,797,377
Equip, Furn & Fixtures	67,495	19,416	-	86,911
Total Depreciable	<u>6,805,028</u>	<u>150,360</u>	<u>-</u>	<u>6,955,388</u>
Accumulated Depreciation:				
Buildings & Improvements	(16,591)	(2,369)	-	(18,960)
Sewer – Infrastructure	(3,874,060)	(118,690)	-	(3,992,750)
Equip, Furn & Fixtures	(5,214)	(17,366)	-	(22,580)
Total Accumulated Depreciation	<u>(3,895,865)</u>	<u>(138,425)</u>	<u>-</u>	<u>(4,034,290)</u>
Net Depreciable Assets	<u>2,909,163</u>	<u>11,935</u>	<u>-</u>	<u>2,921,098</u>
Business Type Activities				
Capital Assets (Net)	<u>\$ 3,130,920</u>	<u>\$ 21,708</u>	<u>\$ (123,944)</u>	<u>\$ 3,028,684</u>

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AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - RISK MANAGEMENT

A. Transference of Risk: Property, Crime and Liability

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. The County participates in the Midwest Pool Risk Management Agency, Inc. (MPRMA) (the Pool) which is a public entity risk pool, (see Note 18) for general liability, automobile liability, public officials' liability and property and crime insurance.

Coverage provided by the pool is as follows:

Property	
Maximum per occurrence	\$ 85,377,000
Subject to following sublimits	
Flood*	36,000,000
Earthquake*	36,000,000
Demolition and Increased Cost of Construction	1,000,000
Extra Expense	275,000
Computer Equipment & Media	1,000,000
Computer Extra Expense	100,000
Property in Transit	20,000
Valuable Papers	100,000
Account Receivable	100,000
Mobile Equipment	4,535,000
Fine Arts	10,000
Automatic Builders' Risk	1,000,000
Automatic Newly-Acquired Property	1,000,000
Crime	
Employee Dishonesty and Faithful Performance	500,000
Money and Securities (Inside and Outside)	500,000
Forgery and Alteration	500,000
Boiler and Machinery	100,000,000
Liability	
Maximum per occurrence	7,000,000
Subject to following sub-limits	
General, Law, Auto	7,000,000
Employee Benefits*	7,000,000
Ohio Stop Gap	7,000,000
Public Official Errors & Omissions*	7,000,000
Sexual Harassment*	1,000,000
Pollution Liability	1,000,000

Limits include the pool self-insured retentions.

*Limit is annual aggregate

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - RISK MANAGEMENT - (Continued)

Each member pays the first \$500 (deductible) of any physical damage to County automobiles, and crime loss involving county property. The pool pays (self-insured retention) for the next:

Crime, Pollution	\$ 25,000	per occurrence
Property, Auto, Physical Damage	100,000	per occurrence
Liability	100,000	per occurrence
Combined loss maximum	100,000	per occurrence

The Pool purchases excess commercial insurance to pay for claims in excess of the above member deductibles and pool self-insurance retentions. This insurance provides the following insurance limits:

Property and Auto Physical Damage	\$ 88,661,000
Crime	500,000
Liability	7,000,000
Pollution Liability	1,000,000

The amount of any claim or loss in excess of these amounts would be the responsibility of the County that incurred the claim or loss.

Member contributions to the Pool are adjusted annually and are calculated to annually produce a sufficient sum of money to pay Pool expenses including estimated Pool self-insured losses and claims adjustment expense.

Under the terms of Pool membership, should the annual member contributions not be sufficient to fully fund Pool expenses including ultimate losses, the Board of Trustees can require supplementary contributions. Supplementary contributions, if required, would be based on the Members' pre-determined percentage share of Pool costs for that year. Supplementary contributions can be accessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

Provisions for claim reserves and loss adjustment expenses are based on information reported by members and are calculated by the Pool's claim administrator and independent actuary. These amounts represent an estimate of reported, unpaid claims, plus provisions for claims incurred and not reported. The Pool's management believes that the estimate of the liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amount included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

To lower costs to pool members, MPRMA joined with other Ohio public entities to form a new excess pool called the Public Entity Risk Consortium (PERC). The PERC pool provides self-insured retentions for each of the member pools as follows: Property – up to \$250,000 per occurrence, Liability – up to \$500,000 per occurrence and annual Stop Loss for the period of 12/1/20 through 11/30/21 up to \$1,650,000 maximum. As of November 30, 2021 PERC has cash reserves of \$10,487,712 which, in the opinion of an outside actuary and management, is adequate for any claims currently pending against the pool.

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Transference of Risk: Employee Health Insurance

The County is part of the Midwest Employee Benefit Consortium (MEBC) (the Consortium) for its employee health insurance, and retains no risk for this plan (see Note 18). Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of the Association and to create adequate reserves for claims and unallocated loss adjustment expenses. Under the terms of membership, should annual member contributions not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative expenses, the Board of Trustees can require supplementary contributions. Supplementary contributions can be assessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by the Consortium's claims administrator. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred and not reported. The Consortium's management believes that the estimate of liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amounts included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

C. Transference of Risk: Workers Compensation Insurance

For 2021, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Plan (the Plan), an insurance purchasing pool (See Note 18). The plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

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

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - RISK MANAGEMENT - (Continued)

D. Retention of Risk: Flexible Spending, Health Savings Account, Employee Drug Card and Reimbursed Health Claims

In addition to the basic Health Care Benefit Plan, the County has established a "Flexible Spending Account" and/or a "Health Savings Account" to supplement the services provided under the Basic Health Care Benefit Plan and the County self-funds an employee health care/prescription drug card administered through Northwest Group Services.

1. Each year the County deposits into the "flexible spending account" or the "health savings account" the amount of \$150 for a single coverage plan and \$300 for a family coverage plan. These funds may be used, as the employee determines, to cover health care expenses which are not covered under the County's basic health care program or to provide additional coverage for items which are part of the County's basic health care coverage. This flexible spending account plan is administered by Northwest Group Services Administrators. The Health Savings Accounts are administered by First Financial Bank.
2. The County's Basic Health Care Program has an agreement with Medtrak Rx to provide prescription drugs to the County's Basic Health Care Plan members. Under this program, the employee pays full price for each prescription filled until their deductible is met, and then there is a pro-rated fee.
3. The County reimburses Medicare for any past payments for services to Auglaize County employees that should have been covered by the Auglaize County Group Health plan but were originally paid by Medicare.

NOTE 12 - 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.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - 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 proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

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

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 Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* 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%.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - 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 \$2,223,238 for 2021. Of this amount, \$255,653 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, 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. 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 and pension expense:

	OPERS - Traditional
Proportion of the net pension liability/asset prior measurement date	0.10809100%
Proportion of the net pension liability/asset current measurement date	<u>0.11113800%</u>
Change in proportionate share	<u>0.00304700%</u>
Proportionate share of the net pension liability	\$ 15,228,892
Pension expense	(408,279)

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional
Deferred outflows of resources	
Changes in employer's proportionate percentage/difference between employer contributions	\$ 357,759
Contributions subsequent to the measurement date	2,223,238
Total deferred outflows of resources	<u><u>\$ 2,580,997</u></u>

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional
Deferred inflows of resources	
Differences between expected and actual experience	\$ 637,039
Net difference between projected and actual earnings on pension plan investments	5,935,778
Changes in employer's proportionate percentage/ difference between employer contributions	723,586
Total deferred inflows of resources	\$ 7,296,403

\$2,223,238 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional
Year Ending December 31:	
2022	\$ (2,992,033)
2023	(717,434)
2024	(2,419,625)
2025	(809,552)
Total	\$ (6,938,644)

Actuarial Assumptions - OPERS

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

Projections of 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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, 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: 0.50%, simple through 2021, 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 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 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 2020, 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 11.70% for 2020.

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.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</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, 2020 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability: Traditional Pension Plan	\$ 29,049,192	\$ 15,228,892	\$ 3,737,335

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

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

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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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

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

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County was not required to make a contractually required contribution to fund health care during 2021.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. 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.

Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB liability	
prior measurement date	0.10580800%
Proportion of the net OPEB liability/asset	
current measurement date	<u>0.10846800%</u>
Change in proportionate share	<u><u>0.00266000%</u></u>
Proportionate share of the net OPEB asset	\$ 1,788,222
OPEB expense	(11,195,267)

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Changes of assumptions	\$ 879,110
Changes in employer's proportionate percentage/difference between employer contributions	195,505
Total deferred outflows of resources	<u><u>\$ 1,074,615</u></u>

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 1,613,861
Net difference between projected and actual earnings on OPEB plan investments	952,432
Changes of assumptions	2,897,456
Changes in employer's proportionate percentage/ difference between employer contributions	432,119
Total deferred inflows of resources	\$ 5,895,868

No amount reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2022	\$ (2,704,914)
2023	(1,590,226)
2024	(413,887)
2025	(112,226)
Total	\$ (4,821,253)

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, 2019, rolled forward to the measurement date of December 31, 2020.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

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 2020, 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 10.50% for 2020.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the County at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 444,652	\$ 1,788,222	\$ 2,892,745

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. 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 asset	\$ 1,831,804	\$ 1,788,222	\$ 1,739,461

NOTE 14 - COMPENSATED ABSENCES

Vacation is earned at rates which vary depending upon length of service and standard work week. The county currently has different policies regarding vacation leave. All of the policies allow the County employees to be paid for all earned, unused vacation leave at the time of termination of employment with more than one year of service with the County.

Employees earn sick leave at varying rates based on whether the employee is union or non-union. Upon retirement, employees with ten or more years of service are paid one-fourth of accumulated sick leave up to a maximum of 240 hours. Employees with 25 or more years of service with the county are paid one-half of accumulated sick leave up to a maximum of 480 hours.

NOTE 15 - LEASES - LESSEE DISCLOSURE

The County has entered into a lease for office space. The lease entered into does not meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The lease was paid off during 2021 and the County purchased the office space in 2022.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEBT OBLIGATIONS

The County's long-term obligations (all direct borrowings) at year-end consist of the following:

Governmental Activities	Original Issue	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Ohio Public Works Loans						
Sandy Beach Storm Sewer	\$ 102,289	\$ 15,345	\$ -	\$ (5,114)	\$ 10,231	\$ 5,115
Noble Township Bridge	176,000	118,800	-	(8,800)	110,000	8,800
Glynwood Brdg-Noble Twp	230,000	195,500	-	(11,500)	184,000	11,500
Northtown Ditch	89,379	80,441	-	(4,469)	75,972	4,468
Total Ohio Public Works Loans		<u>410,086</u>	<u>-</u>	<u>(29,883)</u>	<u>380,203</u>	<u>29,883</u>
Special Assessment Notes						
Mackenbach Ditch-3.57%	13,555	2,529	-	(1,696)	833	833
Adams Ditch-3.10%	71,615	25,471	-	(8,952)	16,519	8,952
Doorley #2 Ditch-3.09%	8,172	4,597	-	(1,021)	3,576	1,022
Headapohl Ditch-2.49%	33,577	2,069	-	(2,069)	-	-
Highlawn Ditch-3.13%	10,554	650	-	(650)	-	-
Gibson Ditch-3.24%	37,188	9,297	-	(4,649)	4,648	4,648
Kruse Ditch-3.39%	20,093	6,279	-	(2,512)	3,767	3,767
Rogers #2 Ditch-3.45%	31,284	25,419	-	(3,910)	21,509	3,911
Doenges #2 Ditch-2.54%	120,692	72,415	-	(12,069)	60,346	12,069
Paul Jt Co Ditch-3.39%	45,180	36,709	-	(5,647)	31,062	5,647
Dearbaugh-2.95%	10,708	9,370	-	(2,677)	6,693	2,677
Culliton Ditch-2.65%	165,693	72,490	-	(20,712)	51,778	20,712
Shindollar-2.5%	14,483	12,673	-	(3,621)	9,052	3,621
Evans #2 Ditch-3.15%	27,039	1,690	-	(1,690)	-	-
Gross Joint-1.73%	39,653	39,653	-	(7,956)	31,697	7,931
Clause #2 Ditch-3.12%	168,876	24,965	-	(21,130)	3,835	3,835
Ritter #2 Ditch-2.74%	26,486	16,554	-	(3,311)	13,243	3,311
Blasé #2 Ditch-3.15%	57,479	39,517	-	(7,185)	32,332	7,185
Accuntius Joint-1.98%	202,716	202,716	-	(20,272)	182,444	20,272
Ellerman Jt Ditch-3.24%	45,815	17,181	-	(5,727)	11,454	5,727
Huebner Ditch-3.12%	131,257	6,507	-	(6,507)	-	-
Meier Ditch-2.65%	21,912	9,587	-	(2,739)	6,848	2,739
Wheeler Ditch-3.39%	21,483	4,028	-	(2,685)	1,343	1,343
Gutman #3 Ditch-3.31%	9,324	1,165	-	(1,165)	-	-
Dearbaugh Ditch-3.39%	21,498	5,374	-	(2,688)	2,686	2,686
Klosterman Ditch-3.06%	45,527	5,691	-	(5,691)	-	-
Fisher #2 Ditch-3.69%	5,576	3,831	-	(698)	3,133	698
Rapp #3-3.49%	17,727	4,431	-	(2,216)	2,215	2,215
Pleasantview-3.39%	15,296	10,516	-	(1,912)	8,604	1,912
Total Special Assessment Notes		<u>673,374</u>	<u>-</u>	<u>(163,757)</u>	<u>509,617</u>	<u>127,713</u>
Other Long-Term Obligations						
Compensated Absences		2,034,895	1,049,525	(1,090,354)	1,994,066	959,796
Net Pension Liability		19,638,585	-	(4,409,693)	15,228,892	-
Net OPEB Liability		13,490,902	-	(13,490,902)	-	-
Total Other Long-Term Obligations		<u>35,164,382</u>	<u>1,049,525</u>	<u>(18,990,949)</u>	<u>17,222,958</u>	<u>959,796</u>
Total Governmental Activities		<u>\$ 36,247,842</u>	<u>\$ 1,049,525</u>	<u>\$ (19,184,589)</u>	<u>\$ 18,112,778</u>	<u>\$ 1,117,392</u>

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEBT OBLIGATIONS - (Continued)

<u>Business Type Activities</u>	<u>Original Issue</u>	<u>Balance 12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2021</u>	<u>Due Within One Year</u>
Ohio Public Works Loan						
KZ/Sharlon Sewers		\$ 58,611	\$ 4,873	\$ (3,174)	\$ 60,310	\$ 3,174

The Ohio Public Works Loans (direct borrowings) are either supported by the full faith and credit of the County, or by special assessment assessments. All outstanding special assessment notes (direct borrowings) consist of ditch projects which are payable from the proceeds of tax assessments levied against benefited individual property owners.

The County obtained a loan from the Ohio Public Works Commission in the amount of \$102,288 for a term of twenty years for the purpose of assisting in the cost of the Sandy Beach sewer installation project. The infrastructure from this project is not owned by the County. The County obtained a loan from the Ohio Public Works Commission in the amount of \$176,000 for a term of twenty years for the purpose of assisting in the cost of rehabilitating 2 county bridges. The infrastructure from this project is owned by the County. The OPWC loan for the Northtown Ditch, \$89,379, was obtained for the Village Waynesfield, who owns the infrastructure. The loan is for 20 years at 0% interest, the collection of special assessments against benefited property owners will pay for this loan. The County obtained a \$230,000 OPWC loan for the rehabilitation of the Glynwood Road Bridge in Noble Township, county owned infrastructure. It is a 20 year loan at 0% interest being repaid by the MVGT fund. The OPWC loan for the KZ and Sharlon Sewer Plants was issued in the total amount of \$63,484. This is County owned infrastructure and is a 20 year loan at 0% interest and will be repaid using special assessments against property owners in the sewer districts.

All special assessment notes (direct borrowings) had been issued for the terms allowed by law. These notes are to be repaid through assessments against benefited property owners. Proceeds from the notes were used for ditch construction and improvement. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet the annual principal and interest payments.

Compensated absences liability will be paid from the fund from which the employees' salaries are paid.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2021 are an overall debt margin of \$124,907,321 and an un-voted debt margin of \$65,655,010.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEBT OBLIGATIONS - (Continued)

The following is a summary of the County's future annual debt service requirements, including interest, for long-term obligations from Direct Borrowings:

Year	Governmental Activities			Business-Type Activities		
	Special Assessment Notes			OPWC Promissory Loans	Total Future Debt Service	OPWC Promissory Loans
	Principle	Interest	Total	Principle		Principle
2022	\$ 127,713	\$ 12,067	\$ 139,780	\$ 29,883	\$ 169,663	\$ 3,174
2023	106,999	8,747	115,746	29,883	145,629	3,174
2024	78,831	5,994	84,825	24,769	109,594	3,174
2025	63,421	4,162	67,583	24,769	92,352	3,174
2026	46,789	2,627	49,416	24,769	74,185	3,174
2027-2031	85,864	3,699	89,563	123,845	213,408	15,871
2032-2036	-	-	-	101,847	101,847	15,871
2037-2040	-	-	-	20,438	20,438	12,698
Total	\$ 509,617	\$ 37,296	\$ 546,913	\$ 380,203	\$ 927,116	\$ 60,310

The County has also received two loan agreements from the Ohio Water and Sewer Rotary Commission (direct borrowings) in regard to the construction of two sewer districts. These loans provide funding assistance for that portion of the project for which collections of assessments from certain owners of undeveloped property located within an agricultural district are exempted pursuant to Ohio Rev. Code Section 929.03 subject to the performance of certain terms and conditions of repayment.

As part of the agreement, the change of the use of any parcel, pursuant to Ohio Admin. Code Section 1525-1-06, would require repayment to the Ohio Water and Sewer Rotary Commission for the full amount of the assessment for the portion of the property for which the use has changed pursuant to Division C of Ohio Rev. Code Section 929.03. Therefore, until a change in use occurs, no liability has been recorded for these loans.

The 12/31/20 outstanding balance for the Southeast Sewer District reflects a \$624 payment received in 2004 that was not included on the 12/31/04 note. A summary of the loan transactions for the year ended December 31, 2021 is as follows:

Project Loans:	Outstanding			Outstanding
	12/31/2020	Additions	Reductions	
Southeast Sewer District	\$ 1,195,743	\$ -	\$ -	\$ 1,195,743
Sandy Beach Sewer District	209,786	-	-	209,786
Total	\$ 1,405,529	\$ -	\$ -	\$ 1,405,529

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 17 - FUND BALANCES

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

Fund Balances	General	MVGT	ACDD	Other Governmental Funds	Total Governmental Funds
NonSpendable					
Inventory	\$ 95,430	\$ 648,203	\$ 1,711	\$ 5,292	\$ 750,636
Prepays	241,235	23,868	4,663	105,165	374,931
Interfund Receivable	680,928	-	-	79,183	760,111
Restricted for					
Debt Service	-	-	-	75,556	75,556
Capital Outlay	-	-	-	67,770	67,770
MVGT	-	1,941,081	-	-	1,941,081
ACDD	-	-	10,443,559	-	10,443,559
Other Purpose	-	-	-	6,303,467	6,303,467
Committed to					
SWM	-	-	-	899,563	899,563
Capital Outlay	-	-	-	4,558,314	4,558,314
Other Purpose	-	-	-	381,789	381,789
Assigned					
Encumbrances	100,120	-	-	-	100,120
Subsequent					
Appropriations	3,855,893	-	-	-	3,855,893
Unassigned	11,341,047	-	-	(29,931)	11,311,116
Total Fund Balances	\$ 16,314,653	\$ 2,613,152	\$ 10,449,933	\$ 12,446,168	\$ 41,823,906

NOTE 18 - PUBLIC ENTITY RISK POOLS

A. Midwest Pool Risk Management Agency, Inc.

Midwest Pool Risk Management Agency, Inc. is an Ohio not-for-profit corporation organized under Chapter 2744.081 of the Ohio Revised Code for the purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool.

Specifically, the pool provides coverage for automobile liability, general liability, crime and property (including automobile physical damage) and public officials' liability (See Note 11). In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials. The Association includes the following member counties within the State of Ohio: Auglaize, Hancock, Mercer, Shelby, and Van Wert.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 18 - PUBLIC ENTITY RISK POOLS – (Continued)

Member and supplemental contributions are recognized on an accrual basis and are recorded as revenue in the month earned. For the current agreement dated August 1, 2006, the percentage of contributions by the members and their equity interests are:

County	%	Fixed Costs	Loss Fund
Auglaize	22.56	257,307	48,240
Hancock	21.17	241,455	130,860
Mercer	20.61	235,067	90,943
Shelby	25.14	286,735	125,775
Van Wert	10.52	119,986	54,180

The financial statements of Midwest Risk Pool Management Agency, Inc. can be obtained from David Bambauer, Auglaize County Commissioner and Treasurer of the Midwest Pool Risk Management Agency.

B. Midwest Employee Benefit Consortium

Midwest Employee Benefit Consortium (MEBC) is an Ohio not-for-profit corporation organized under Ohio Rev. Code Sections 304.171 and 9.833 for the public purpose of enabling its five members political subdivisions to obtain insurance coverage, provide methods for paying claims, and provide a formalized jointly administered self-insurance pool. Specifically, this pool provides coverage for health benefits to employees of its members.

In addition to the self-insurance pool, the Consortium provides risk management services and established loss reduction and prevention procedures and programs.

The members of the Association include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Van Wert, and Shelby. The financial statements of Midwest Employee Benefit Consortium can be obtained from the Auglaize County Board of Commissioners.

C. County Commissioner Association of Ohio Workers’ Compensation Group Rating Plan

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

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

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

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Auglaize County Regional Planning Commission

The Auglaize Regional Planning Commission (the Commission) is a jointly governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty seven members, any of which may hold any other public office.

The County is represented by three members, each of the two Cities within the county is represented by two members, all participating villages within the county are represented by one member each, and participating townships within the county are represented by one member each.

Other members include: a representative from all participating board of trustees; the mayor or a council member of each participating incorporated village; two representatives from each of the Cities of Wapakoneta and St. Marys, one being the Mayor or his designee and one being appointed by City Council. The remaining members of the Commission shall be representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representations as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute up to .10 cents per capita, according to the latest federal census, in any calendar year in which revenue is needed.

The Commission has no outstanding debt as of December 31, 2021. The following unaudited cash financial data of the Commission is presented for the year ended December 31, 2021:

	Joint Venture	Auglaize County's 50 Percent
Total Operating Revenues	\$ 2	\$ 1
Total Operating Expenses	(1,584)	(792)
Net Income (Loss)	(1,582)	(791)
Fund Balance, January 1, 2021	2,712	1,356
Fund Balance, December 31, 2021	\$ 1,130	\$ 565

B. Workforce Innovations and Opportunity Act Consortium of Auglaize, Hardin, Mercer and Van Wert Counties

The Workforce Innovation and Opportunity Act (WIOA) is designed to identify and address complex workforce development issues which transcend local governmental jurisdictional boundaries. By operating as a consortium, the member counties can better coordinate and oversee the WIOA funding and sustain the One Stop system efforts required by WIOA. The CEO's are responsible for providing consultation with the Governor on local area designation, serving as (or designating an appropriate agency to serve as) the grant recipient and fiscal agent for the WIOA funds, with liability for the misuse of these funds, and, appointing the members of the Area 8 Workforce Development Board from those nominated by the appropriate nominating agencies.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

The Boards of County Commissioners of Auglaize, Hardin, Van Wert and Mercer Counties are the parties to operate within WIOA as a consortium. Each Board of Commissioners shall designate one Commissioner to serve as their representative for the region. The representatives of each Board shall meet as needed with the Workforce Development Board to approve and take other action as needed for the proper implementation and oversight of WIOA and the Area 8 workforce development system.

The Federal WIA program is administered through the Ohio Department of Job and Family Services and operates on a state fiscal year from July 1 to June 30. Effective July 1, 2002, Auglaize County participated in a multi-county WDA with Hardin and Mercer Counties, with Mercer as the fiscal agent.

C. West Central Ohio Network

The West Central Ohio Network (West CON) is a regional council of governments. West CON is comprised of the boards of Developmental Disabilities (DD) of several counties - Auglaize, Champaign, Darke, Hardin, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, and Wyandot. The Board of Directors is made up of the Superintendents from each of these DD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board. West CON is the administrator and fiscal agent of Supported Living funds for each of these Boards of Developmental Disabilities. The following unaudited financial data of the West Central Ohio Network - Auglaize County is presented on a cash basis for the year ended December 31, 2021.

	County Portion
Total Operating Revenue	\$ 1,381,741
Total Operating Expenses	(1,380,662)
Net Income (Loss)	1,079
Fund Balance, January 1, 2021	2,496,938
Fund Balance, December 31, 2021	\$ 2,498,017

Financial information can also be obtained from the West Central Ohio Network, 1200 Childrens Home Road, Sidney, Ohio 45365.

D. Auglaize and Mercer Counties Convention and Visitors Bureau

The Auglaize and Mercer Counties Convention and Visitors Bureau (the Bureau) is a jointly governed organization between Auglaize and Mercer Counties for the purpose of promoting tourism and attracting tourists and conventions to the two counties. Membership is open to any person, firm, partnership, association, corporation, foundation, trust or estate subscribing to the purpose of this organization. The government of the Bureau, the general policies and control of its property is vested in a Board of Trustees. The Board shall be nineteen members composed of the following: seven appointees from Auglaize County, seven from Mercer County, one Auglaize County Commissioner or designee, one Mercer County Commissioner or designee, three members representing the following: Celina/Mercer County Chamber of Commerce, St. Marys Area Chamber of Commerce and the Wapakoneta Area Chamber of Commerce.

The Board conducts business and sponsors projects to further the purpose of the Bureau. The Bureau is funded primarily from a 3 percent (effective 7/1/96) lodging tax imposed by both counties. Payment is due to the county by the last day of the following month. The 2021 revenue received by the Bureau was \$239,839. Of this amount \$231,520 came from the lodging tax. \$153,078 of the total 2021 revenue was from Auglaize County. Financial information can be obtained from 900 Edgewater Drive, St Marys Ohio 45885.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

E. Volunteer Peace Officers Dependents Fund Board

The Volunteer Peace Officers Dependents Fund (the Fund) was established to assist dependents of volunteer peace officers killed in the line of duty and to assist volunteer peace officers that become totally and permanently disabled as a result of a line of duty injury and is contained in Ohio Revised Code Chapter 143.

Each political subdivision with a police or sheriff's department that employs volunteer peace officers will be made a member of the Fund and each Fund member must establish a "Volunteer Peace Officers Dependents Fund Board" to administer claims for the benefits from the Fund. ORC 143.01 (C) defines "volunteer peace officer" as "any person who is employed as a police officer, sheriff's deputy, constable, or deputy marshal in a part-time, reserve, or volunteer capacity and is not a member of the public employees' retirement system, Ohio police and fire pension fund, state highway patrol retirement system, or the Cincinnati retirement system".

The Volunteer Peace Officers Dependents Fund Board must have the following members: two members elected by the Commissioners, two members elected by the volunteer peace officers of the Sheriff's department and one member elected by the other four members (cannot be a public employee, member of the legislative authority or peace office for that department: must be a citizen registered to vote in that area). One of the five elected board members must be identified as a chairperson and another as the secretary by the members of the board.

F. Grand Lake St. Marys Restoration Community Improvement Corporation

The Auglaize County Commissioners and the Mercer County Commissioners joined together to form the Grand Lake St. Marys Restoration Community Improvement Corporation. The mission of this corporation is to support the advancement, encouragement and promotion of the industrial, economic, commercial and civic development of Grand Lake St. Marys and the surrounding area. It will aid in the research and development of technologies and provide funding opportunities to enhance the quality of water in Grand Lake St. Marys.

G. Grand Lake St. Marys Lake Facilities Authority

The Auglaize County Commissioners and the Mercer County Commissioners joined together to form the Grand Lake St Marys Lake Facilities Authority. Their desire is to enhance, promote, improve, remediate foster, aid and rehabilitate the area. Grand Lake St Marys is a man-made lake of at least one-half square mile that has experienced levels of microcystin toxins in excess of eighty parts-per-billion, as measured by the Ohio Environmental Protection Agency in the 24 months preceding March 11, 2014. The Mercer County Auditor shall be the Fiscal Officer and the Mercer County Prosecutor shall be the Legal Advisor to the Grand Lake St. Marys Lake Facilities Authority.

NOTE 20 - JOINT VENTURES

A. Grand Lake Task Force

Auglaize and Mercer Counties share territory of the Grand Lake State Park which encounters unique enforcement problems. The Grand Lake Task Force was established in regards to federal financial assistance received from the Department of Justice which requires a twenty-five percent local matching share. Additional revenues were received through asset seizures, fines, and village law enforcement agency contributions.

The objective of the Grand Lake Task Force is to increase the number of criminal justice agencies working cooperatively to eliminate specifically targeted major narcotics trafficking conspiracies and the persons involved through investigations, arrests, prosecution, and convictions. Those participating in the project are Auglaize and Mercer County Sheriff's Offices, Wapakoneta, St. Marys, Celina, Coldwater, Minster, and New Bremen Police offices, United States Investigative Agency Alcohol, Tobacco, and Firearms, Ohio Bureau of Criminal Investigation and Identification, and Auglaize and Mercer County Prosecutor's Offices.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 20 - JOINT VENTURES - (Continued)

The Auglaize County Sheriff serves as the applicant who accepts the responsibility for the project's administrative and financial matters. The project requires a control group to be established of four members; one from a police department, one from a Sheriff's office, one from a prosecutor's office, and the Task Force Supervisor. This group allocates what funds are to be used for which investigations and to manage these resources and jointly manage project investigations.

The following unaudited financial data of the Grand Lake Task Force is presented on a cash basis for the year ended December 31, 2021:

	Joint Venture	Auglaize County's 12.5 Percent
Total Operating Revenues	\$ 244,195	\$ 30,524
Total Operating Expenses	(247,816)	(30,977)
Net Income (Loss)	(3,621)	(453)
Fund Balance, January 1, 2021	198,107	24,764
Fund Balance, December 31, 2021	\$ 194,486	\$ 24,311

B. Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

The Mental Health and Recovery Services Board (MHRS) of Allen, Auglaize, and Hardin Counties, is a tri-county non-profit corporation whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

The Board of Trustees consists of sixteen members. Board members are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Allen, Auglaize and Hardin Counties, Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. The degree of control exercised by any participating government is limited to its representation on the Board. The MHRS Board is a joint venture since continued participation by the Counties is necessary for the continued existence.

Allen County acts as the fiscal agent for the MHRS Board. The Board receives tax revenue from the three Counties and receives federal and state funding through grant monies which are applied for and received by the board of trustees. The MHRS Board is accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on members in the future. The Board has sole budgetary authority and controls surpluses and deficits and the county is not legally or morally obligated for the Board's debt.

During 2021, tax revenues generated by the levy in Auglaize County were \$1,415,467. Complete financial statements can be obtained from the MHRS Board, Allen County, Ohio.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 21 - SIGNIFICANT CONTRACTUAL OBLIGATIONS

At December 31, 2021, the County had entered into several contracts, the most significant of which include the following:

<u>Contractor</u>	<u>Amount</u>
Bobcat of Lima	\$ 61,674
Bob Ross Auto Group	29,830
Buds Chevrolet Buick Inc	28,710
CDW-G	25,562
Tim Lally Chevrolet Inc	54,770
Vance Outdoors Inc	22,152
Crowder Detention Equipment	42,978
Lamp Construction	32,045
Marsh Foundation School	15,283
Liebrecht Excavating	297,278
Jem Industrial Mtce Corp	143,912
Braun Excavating LLC	91,776
	<u>\$ 845,970</u>

NOTE 22 - TAX ABATEMENT DISCLOSURES

The County is subject to tax abatements granted by (1) a Community Reinvestment Area-Tax Exemption Program created by the City of St. Marys, the Village of New Bremen and the Village of New Knoxville and (2) a Tax Incentive Review Council created by the City of St Marys and the Village of New Bremen.

The Community Reinvestment Area-Tax Exemption Program allows taxes to be abated on a new or improvements to, a tax payer's home. The terms range from five to fifteen years, with a seventy five to one hundred percent tax abatement.

The Tax Incentive Review Council allows taxes to be abated for the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone and the Enterprise Area to create new jobs.

The County's portion of the gross amount of taxes abated during 2021 was \$364,405.

NOTE 23 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

The County is involved in no litigation as either plaintiff or defendant which they believe would result in a liability having to be booked on the County's financial statements.

AUGLAIZE COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COVID-19

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

The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

NOTE 25 – ASSET RETIREMENT OBLIGATIONS

Ohio Revised Code (ORC) Section 6111.44 requires the County to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the County would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the County believes an asset retirement obligation (ARO) to be present, however, there is significant uncertainty as to what public safety issues would need to be addressed. Based on this uncertainty, the ARO amount is not reasonably estimable at this time and therefore an ARO is not recognized in the County's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

AUGLAIZE COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.111138%	0.099357%	0.114736%	0.113544%
County's proportionate share of the net pension liability	\$ 15,228,892	\$ 19,638,585	\$ 31,423,864	\$ 17,812,852
County's covered payroll	\$ 14,700,591	\$ 13,487,144	\$ 16,334,707	\$ 15,695,018
County's proportionate share of the net pension liability as a percentage of its covered payroll	103.59%	145.61%	192.37%	113.49%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.113331%	0.113433%	0.117617%	0.117617%
\$	25,735,543	\$ 19,648,026	\$ 14,185,924	\$ 13,865,512
\$	15,471,295	\$ 15,015,490	\$ 15,058,436	\$ 14,842,211
	166.34%	130.85%	94.21%	93.42%
	77.25%	81.08%	86.45%	86.36%

AUGLAIZE COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST NINE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,223,238	\$ 2,141,414	\$ 2,076,268	\$ 2,265,786
Contributions in relation to the contractually required contribution	<u>(2,223,238)</u>	<u>(2,141,414)</u>	<u>(2,076,268)</u>	<u>(2,265,786)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 15,880,271	\$ 14,700,591	\$ 13,487,144	\$ 16,334,707
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Note: Information prior to 2013 is unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,896,828	\$ 1,815,091	\$ 2,035,961	\$ 1,973,118	\$ 2,067,911
<u>(1,896,828)</u>	<u>(1,815,091)</u>	<u>(2,035,961)</u>	<u>(1,973,118)</u>	<u>(2,067,911)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,695,018	\$ 15,471,295	\$ 15,015,490	\$ 15,058,436	\$ 14,842,211
13.00%	12.00%	12.00%	12.00%	13.00%

AUGLAIZE COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	2021	2020	2019	2018
County's proportion of the net OPEB liability/asset	0.108468%	0.097671%	0.114765%	0.111860%
County's proportionate share of the net OPEB liability/(asset)	\$ (1,788,222)	\$ 13,490,902	\$ 14,962,647	\$ 12,147,172
County's covered payroll	\$ 14,700,591	\$ 13,487,144	\$ 16,334,707	\$ 15,695,018
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	12.16%	100.03%	91.60%	77.40%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.111860%

\$ 11,298,240

\$ 15,471,295

73.03%

54.04%

AUGLAIZE COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SIX YEARS

	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 15,880,271	\$ 14,700,591	\$ 13,487,144	\$ 16,334,707
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2016 is unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>
\$ 156,880	\$ 309,315
<u>(156,880)</u>	<u>(309,315)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 15,695,018	\$ 15,471,295
1.00%	2.00%

AUGLAIZE COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
-

For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

AUGLAIZE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FEDERAL GRANTOR / Pass Through Grantor Program / Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-C-20-1AF-1	\$ 153,316
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		B-F-19-1AF-1	39,925
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			193,241
Home Investment Partnerships Program	14.239	B-C-20-1AF-2	57,191
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			250,432
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through Ohio Department of Job and Family Services</i>			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5331	55,322
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			17,157
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		G-2223-11-6900	16,849
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			8,711
Total SNAP Cluster			98,039
TOTAL U.S. DEPARTMENT OF AGRICULTURE			98,039
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed through Ohio Department of Public Safety</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DL-LEF-5804	42,466
Edward Byrne Memorial Justice Assistance Grant Program		2020-DL-LEF-5804	40,479
Total Edward Byrne Memorial Justice Assistance Grant Program			82,945
Crime Victim Assistance	16.575	2021-VOCA-134018610	33,182
Crime Victim Assistance		2022-VOCA-134713395	7,842
Total Crime Victim Assistance			41,024
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CE-CCF-2246	7,772
TOTAL U.S. DEPARTMENT OF JUSTICE			131,741
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct			
Airport Improvement Program and COVID-19 Airports Programs	20.106		21,534
COVID-19 Airport Improvement Program and COVID-19 Airports Programs			52,457
Total Airport Improvement Program and COVID-19 Airports Programs			73,991
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			73,991
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Ohio Department of Public Safety</i>			
Emergency Management Performance Grants	97.042	EMC-2020-EP-00004	34,569
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			34,569

AUGLAIZE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FEDERAL GRANTOR / Pass Through Grantor Program / Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
<i>Passed through Ohio Secretary of State</i>			
2018 HAVA Election Security Grants	90.404		11,508
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			11,508
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through the Ohio Department of Developmental Disabilities</i>			
Special Education-Grants for Infants and Families	84.181	H-18-1A19-0024	31,832
Special Education-Grants for Infants and Families	84.181	H-18-1A20-0024	44,013
TOTAL U.S. DEPARTMENT OF EDUCATION			75,845
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through Ohio Department of Job and Family Services</i>			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2021-11-5331	17,097
MaryLee Allen Promoting Safe and Stable Families Program		G-2223-11-6900	1,320
Total MaryLee Allen Promoting Safe and Stable Families Program			18,417
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2021-11-5331	5,947
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood			20,746
John H. Chafee Foster Care Program for Successful Transition to Adulthood		G-2223-11-6900	1,826
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			28,519
Temporary Assistance for Needy Families	93.558	G-2021-11-5331	1,211,137
Temporary Assistance for Needy Families		G-2223-11-6900	79,289
Total Temporary Assistance for Needy Families			1,290,426
Child Support Enforcement	93.563	G-2021-11-5331	364,779
Child Support Enforcement		G-2223-11-6900	113,883
Total Child Support Enforcement			478,662
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	G-2021-11-5331	14,020
Child Care and Development Block Grant		G-2223-11-6900	2,707
Total CCDF Cluster			16,727
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5331	40,205
Foster Care Title IV-E	93.658	G-2021-11-5331	69,260
Foster Care Title IV-E		G-2223-11-6900	15,195
Total Foster Care Title IV-E			84,455
Adoption Assistance	93.659	G-2021-11-5331	39,541
Adoption Assistance		G-2223-11-6900	13,474
Total Adoption Assistance			53,015
Medicaid Cluster			
<i>Passed through Ohio Department of Job and Family Services</i>			
Medical Assistance Program	93.778	G-2021-11-5331	195,687
Medical Assistance Program		G-2223-11-6900	86,509
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Medical Assistance Program		2105-OH-5ADM	135,365
Medical Assistance Program		2205-OH-5ADM	39,919
Total Medicaid Cluster			457,480

AUGLAIZE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FEDERAL GRANTOR / Pass Through Grantor Program / Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures
Passed through Ohio Department of Job and Family Services			
Children's Health Insurance Program	93.767	G-2021-11-5331	119,889
Children's Health Insurance Program		G-2223-11-6900	9,595
Total Children's Health Insurance Program			<u>129,484</u>
Passed through Ohio Department of Developmental Disabilities			
Social Services Block Grant	93.667	2101-OH-S0SR	55,737
Passed through Ohio Department of Job and Family Services			
Social Services Block Grant		G-2021-11-5331	46,309
Social Services Block Grant		G-2223-11-6900	34,363
Total Social Services Block Grant			<u>136,409</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,733,799</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed through Ohio Department of Job and Family Services			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
WIOA Adult Program	17.258	G-1819-15-0181	2,023
WIOA Adult Program		G-2021-15-0027	56,394
Total WIOA Adult Program			<u>58,417</u>
WIOA Youth Activities	17.259	G-1819-15-0181	35,054
WIOA Youth Activities		G-2021-15-0027	20,477
Total WIOA Youth Activities			<u>55,531</u>
WIOA Dislocated Worker Formula Grants	17.278	G-1819-15-0181	4,472
WIOA Dislocated Worker Formula Grants		G-2021-15-0027	50,991
Total WIOA Dislocated Worker Formula Grants			<u>55,463</u>
Total WIOA Cluster			169,411
Unemployment Insurance	17.225	G-2021-15-0027	8,737
TOTAL U.S. DEPARTMENT OF LABOR			<u>178,148</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,588,072</u>

The accompanying notes are an intergral part of this schedule.

AUGLAIZE COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Auglaize County (the County) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2021 is \$267,841.

NOTE 5 - MATCHING REQUIREMENTS

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

NOTE 6 - COST REPORT SETTLEMENTS

During the calendar year, the Auglaize County Board of Developmental Disabilities received a settlement payment for the 2017 and 2018 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (ALN #93.778) in the amount of \$11,104 and \$10,268, respectively. The Cost Report Settlement payment was for the settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This activity is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods.

AUGLAIZE COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 - TRANSFERS BETWEEN FEDERAL PROGRAMS

During 2021, the County made allowable transfers of \$11,681 from the Temporary Assistance for Needy Families (TANF) (ALN #93.558) program to the Social Services Block Grant (SSBG) (ALN #93.667) program. The Schedule shows the County spent \$1,290,426 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 2021 and the amount transferred to the SSBG program.

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Amount</u>
Temporary Assistance for Needy Families		\$ 1,302,107
Transfer to Social Services Block Grant	93.667	<u>(\$11,681)</u>
Total Temporary Assistance for Needy Families	93.558	<u>\$ 1,290,426</u>

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

Auglaize County
209 South Blackhoof Street
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Auglaize County, (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2022

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Auglaize County
209 South Blackhoof Street
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Auglaize County's (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2021. The County's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Auglaize County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2022

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AUGLAIZE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Temporary Assistance for Needy Families – ALN 93.558
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



AUGLAIZE 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 9/15/2022

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

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